THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

February 3, 1940

The Case of Correspondent James Young

An Editorial

That Wang-Japan Agreement

China's Foreign Trade in 1939

BY JOHN AHLERS

The Blockade of Tientsin

H. G. Wells Wants Berlin to be Bombed

An Editorial

VOLUME 91 PRICE 50 CENTS NUMBER 10

HONGKONG SHANGHAI TIENTSIN

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

WANG'S QUASI-COLONY

To the Editor:

I have just been reading a little volume entitled, "The Chinese National Revolution" written in June 1931 by the **then** patriot Wang Ching-wei. On Page 24 I found the following statement:

"China's urgent problem is how to emerge from the status of a quasi-colony to that of an independent State on a footing of equality with the great Powers, how to exterminate the feudalistic and counter-revolutionary forces, and how to make possible the establishment of the democratic form of government. This is the problem of the moment, and to solve it the whole nation must be united, its component parts sinking their conflicting interests in the supreme attempt to achieve the common purpose. A united front is imperative lest a perpetual state of war should exist between the workers and the enterpreneurs, between the shop-assistants and the shop-keepers, between the peasants and the landlords, to the detriment of every one concerned....The National Revolution is in a dangerous crisis. It is therefore imperative to keep our heads cool, concentrating all efforts in the consolidation and victory of the democratic forces. This alone can ensure the realization of the Three People's Principles, the accomplishment of the National Revolution."

The book in which this appeared is of special interest now, in view of Wang's cooperation with the Japanese warlords in the creation of another puppet government in China, a sort of super-puppet above the Nanking and Peiping puppets. In this volume, published nine years years ago, Wang expressed his animosities against two things: Gen. Chiang Kai-shek, whom he designated as a neo-militarist, and against the Communists. Wang is still against both Chiang and the Communists, which might lead the non-informed to believe that he has been consistent throughout these years. But this is not the case, for I find in Mr. Wang's biographical sketch that after the collapse of the Yen-Feng "coalition" against Gen. Chiang, which Wang had participated in (1930), he later went to Nanking where he became President of the Executive Yuan (with Gen. Chiang as head of the Military Affairs Commission) and, "in this way they fulfilled their promise of mutual cooperation in the face of the national crisis."

As may be imagined, there is much of exceeding interest in this little volume of some 180 pages wherein Mr. Wang expounds his ideas on Democracy, not the least in interest being a so-called "Bill of Rights for the Republic of China."

Assuming that Mr. Wang was of sound mind and sincere when he made the declarations attributed to him in this volume of collected speeches and statements, one wonders what has happened to cause him to desert his own countrymen and become the (almost completely) willing tool of Japanese militarists. One can't help but wonder whether Mr. Wang finds his present association with Japanese warlords (with whom he is frequently photographed) any more satisfactory than his previous association with Chinese "neo-militarists," whom he designated as hang-overs from the previous feudalistic period.

I have heard of Western politicians doing some remarkable gymnastic feats, but nothing so astonishing as Wang's political "flip-flop."

EXPOSER OF TRUTH

Shanghai, June 28, 1940

CHINA WILL WIN

To the Editor:

Will China win the war? Yes, she will. For China has vast expanse and the largest population—one-fourth of the human race. She has the oldest civilization, created by her own people. For many centuries it was the highest in the world. She has rich natural resources. Her people are united and courageous, filled with national spirit and loyalty to the Central Government. Though China has fought for more than two years, her national strength is still great.

Besides, we are not fighting our battles alone. There is a just God who presides over the destinies of nations. He has raised up many friends to give China material aid and sympathy. It is true that Japan has occupied Chinese cities and communications. But this is not the same as conquest. Time and space are on China's side. Unless China is free and independent, Japan beaten and her militarists chastised, there will be no peace in the Far East and weak nations will never enjoy security.

MU WEN-FU

Kunming, Jan. 16, 1940

"GOOD AS EVER"

To the Editor:

Your paper continues as good as ever and people often speak about your ability and energy to carry on. It's unquestionably the best publication on the Far East and I wish you continued success during the years to come.

L. C. H.

Hongkong, Jan. 10, 1940

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, January 31, 1940

Demand selling rate on New York:
U.S.$1.00—Sh.$13.00

Demand buying rate on New York:
U.S.$1.00—Sh.$12.69

Demand selling rate on London:
£1.0.0—Sh.$51.89

Demand buying rate on London:
£1.0.0—Sh.$50.86

AMERICAN STOCK AND COMMODITY QUOTATIONS

January 31, 1940

STOCKS	*Opening*	*10.30 a.m.*
Amer. Locomotive	19¼	19¼
Amer. Waterworks	10⅜	10⅜
Anaconda Copper	27	27
Bethlehem Steel	73¾	73¾
Chrysler	81¼	81½
Elec. Bond & Sh.	7⅛	7
Gen. Motors	52¾	52¾
Goodyear T. & R.	Unq.	Unq.
Gt. Nthrn. Rly., pfd.	Unq.	23¾
Lockheed Aircraft	30⅞	30⅜
Mont. Ward	Unq.	51½
N. Y. Central	16⅛	16⅛
Texas Corp.	42⅝	42⅞
U. S. Steel	57⅜	57⅜
COMMODITIES		
New York Cotton, March	10.73	10.71
New York Rubber, March	18.75	18.75
New York Hides, March	13.87	13.87
Chicago Wheat, May	—	97
Chicago Corn, May	—	56⅜
New York Sugar, No. 4, March	—	1.53 B

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CASE OF JIMMY YOUNG AND PREDICAMENT OF JAPANESE BUSINESSMEN

The last uncensored message from Japan referring to the arrest and detention of James Russell Young, correspondent for *International News Service*, was received in Shanghai on January 24 (ten days ago). It was sent here by the French *Havas* service and stated that among the "incriminating" actions of Mr. Young was a conference which the American journalist held with a group of fifty Japanese businessmen on his return to Japan from Chungking, and in which he is said to have touched on matters considered military secrets in Japan.

In addition to this "seditious" action, Mr. Young had contributed an article to the Tokyo magazine *Nippon Hyoron*, also referring to his trip to Chungking, in which he "insinuated that Japanese military operations were less efficient in breaking down Chinese resistance than it would seem in theory."

A Tokyo paper called the *Shimbun-no-Shimbun* or Journal of Journals which specializes in printing "news behind the news," was quoted in the *Havas* message as saying that Mr. Young's article in the *Nippon Hyoron* might have led to the correspondent's arrest "as such views appear to be inadmissible even when held by a foreigner."

The *Havas* message contained further disclosures, to the effect that the foreign editors (Japanese) of the *Hochi Shimbun* and the *Yomiuri Shimbun*, two leading Tokyo papers which publish the dispatches of Hearst's *International News Service*, had also been detained by the gendarmes and police and were being examined. Both papers published Mr. Young's dispatches dealing with the situation in China.

The *Havas* message stated that Mr. Young had been taken from his office and apartment at the Imperial Hotel at 11.00 a.m. Sunday morning, January 21 and since that time had been "strictly examined." The thoroughness of the examination was evidenced in the fact that a motor-car full of confiscated articles from his apartment was taken to the police station for examination. Aside from some personal correspondence, most of the materials seized consisted of carbon copies of his cables and articles and large numbers of pictures and matrices of comic strips sold to newspapers in the Far East by the King Features Service, of which Mr. Young was also manager.

Mrs. Young, who came to Shanghai with her husband, was not molested by the police and at first was permitted to visit her husband in the Marunouchi police station. Later, however, she was not permitted to communicate with him directly and could only send him messages through a police intermediary.

A dispatch from Washington by *United Press* (Jan. 23) referring to Mr. Young's arrest, said that the Tokyo police authorities had refused to divulge the nature of the charges against Mr. Young or to indicate the probable date of his release. The report stated that Joseph C. Grew, the American Ambassador, was following developments in the case closely. The *United Press* dispatch stated that Mr. Young was being held *incommunicado* and that no charges had been filed against him.

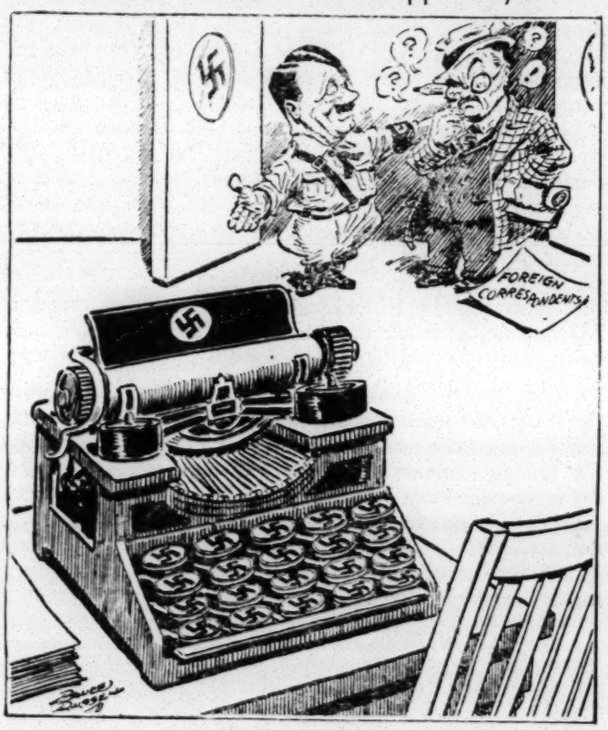
It was stated that since the cell in which Mr. Young is confined was not heated, the police had consented for him to receive heavier clothing.

Of all reports and rumors which have been circulated since the arrest of Mr. Young the most significant probably was that referring to his conference with fifty Japanese businessmen, following his return to Tokyo from his 1,000-mile trip through interior China.

Japanese businessmen have sound reasons for apprehension regarding the drift of affairs with regard to the future of their position in "the new order in East Asia." That certain big businessmen and industrialists were as deeply involved in the "China Plot" as were certain high officers in the Kwantung Army and the Tokyo General Staff, is generally known. But even these men have lost their enthusiasm for an adventure which now promises to shake the empire to its very foundations. Some of the big business executives are still piling up handsome profits in war industries but they are faced with the prospect of drastic and confiscatory taxation which will take away all of their profits and may result in their loss of control over their enterprises. With all the wealth of Japan concentrated in the hands of a half-dozen feudal families, the situation is ready-made for transformation to an outright military-fascist "state-capitalistic" regime.

In the meantime, thousands of smaller independent businessmen and industrialists, particularly those in the Osaka-Kobe district, are going bankrupt because of restrictions which have been placed on their operations at home, or by the falling-off of trade abroad due to international ill-will engendered by the activities of the Japanese warlords.

Freedom of Press—Nazi-Nippon Style



Russell in The Los Angeles Times

As Haldore Hanson, correspondent for the *Associated Press*, put it in his new book* "As the war in China drags on, consuming the liquid capital of Japan and depleting its stocks of raw materials, the army is forced to look for immediate profits. It must plunder cities, expropriate Chinese factories, seize Chinese real estate, dump Japanese goods, strangle European and American trade, peddle opium and narcotics, encourage gambling and prostitution—in general imitate the Roman and Arab conquests of old . . . . this gradual change of policy has resulted in the growing disillusionment of Japanese economists. Their greatest disappointment is the failure to obtain raw materials."

Neary three years of war and the expenditure of the accumulated wealth of a half century of progress have failed to produce for Japan the three articles which Japanese businessmen require for their future prosperity —cotton, wool, and iron. Despite the fact that the Japanese Army is in actual occupation of most of the areas in China where these articles are produced, the amounts now flowing to Japan are far less than was the case before the outbreak of hostilities. The Japanese Army, through its barbarous treatment of the Chinese people, destruction of cities, towns and villages, disruption of normal processes of livelihood, has also practically destroyed the profitable market which Japanese businessmen previously had in China. Japanese merchants do enjoy a temporary advantage in Japanese-occupied territory where all lines of communication and transportation are controlled by their military authorities, but even though European and American competition has been eliminated, the trade has become unprofitable because of the impoverished condition of the country.

Japanese economists are now forced to admit that their dependence upon the West for raw materials has not been greatly reduced despite all the grandiose plans for seizing Chinese resources and exploiting them for the enhancement of Imperial Nippon. Instead of reducing Japan's dependence upon the West for her necessities, the activities of the Japanese Army have only resulted in a reduction of Japan's power to purchase her requirements in world markets.

The predicament of Japanese businessmen is well symbolized by a story quoted by Haldore Hanson, the words being those of an illiterate Korean servant: "Master," he said, "Japanese man wanchee all Asia to be one with Japanese man topside. All Japanese man wanchee; some Korean man wanchee; some no wanchee. All China man no wanchee."

⁂

THE HOLY WAR EXPLAINED

(*Hochi Shimbun, Tokyo*)

"The meaning of our holy war is to punish those who do not observe the Divine Way of Great Unselfish Love or the way of common existence of all nations and common prosperity of humanity . . . . therefore the anti-Japanese sentiment in China is wide of the mark, being like the wickedness of a foolish old woman striking at Guatama Buddha or the ignorance of a bad boy opposing his kind mother."

⁂

(*Domei* from Tokyo, Jan. 29)

"In order to counteract false propaganda circulated by the Chungking Government the Japanese Broadcasting Corporation will broadcast a series of dramas . . . . the broadcasting company has already been presenting programs in the *Mandalin* and the Kwantung languages for the radio public in China."

⁂

(*From a speech by Lieut.-Gen. Yoshijiro Umezu, Commander-in-Chief of the Kwantung Army and concurrently Japanese Ambassador Plenipotentiary to Manchukuo, as reported in the Manchuria Daily News*)

"I am overpowered with a devout sense of congratulation and an infinity of crowding thoughts and impressions on this 26th Centenary of the founding of the Japanese Empire . . . . Taking a calm survey of the world where the egotistic philosophy of materialism has engendered an ugly internecene struggle . . . . we turn in contrast to the tranquility in East Asia where an eternal plan for establishing a sane and ethical world is now being studied . . . . We need not dilate upon the fact that the idea derives its important origin from the holy history of the Japanese Empire whose central principle points to the feasibility of establishment of a moral world based on the spirit of universal brotherhood and mutual prosperity, where every individual may find his proper place and every factor of worthy civilization may be fostered in a sound and beneficent order of mutual assistance . . . . We are thus called upon to discard the Western civilization of materialism which means an unending process of the weak falling prey to the powerful, and to establish a bright world order founded on morality and justice, all with the object of giving a turning point to the spiritual trend of the races of the world and proceeding straight with the execution of our mutual mission of propagating universal love which may find a shining illustration by and through the creation of a new Oriental civilization . . . . ."

Japan "Brushes Aside" Most American Damage Claims

A dispatch from Washington by the official Japanese *Domei* service, which was published in newspapers in Japan (but not in China) on Jan. 18, alleged that the Japanese Government "had brushed aside scores of outstanding American claims for the redemption of damages to American properties in China on the ground that the damage was caused during military operations."

The *Domei* message stated that the Japanese Government had told the State Department to "seek damages from the Chinese Government as the responsible party, despite the fact that the Japanese actually caused them." The Japanese report admitted, however, that officials of the State Department "were disappointed and irritated over the way in which the Japanese authorities were handling the American claims."

There then followed the significant Japanese comment that legal experts "conceded that Japan was acting according to International Law and had several precedents to support her contentions." The Japanese also claimed that the question whether the war was "declared" or "undeclared" had to be ruled out because the Japanese called attention to the fact that American warships had shelled Greytown in Nicaragua and Vera Cruz in Mexico "without a declaration of war . . and had refused to be responsible for damages caused to nations of third parties." The Japanese report concluded with the comment that Americans were precluded from pressing certain claims in the face of these precedents! The Japanese even claimed they were entitled to considerable credit because they had offered to settle some claims in which legal doubts were involved.

The attempt of the Japanese authorities to "load" all claims for damages on the Chinese Government was of special interest due to the clause in the agreement which Wang Ching-wei allegedly signed with the Japanese authorities that "The New Central Government shall pay indemnities to Japan for losses suffered by the Japanese Government and the Japanese people in China since the outbreak of the incident."

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*"*Human Endeavour*"—*Story of the China War, by Haldore Hanson, Correspondent for the Associated Press in China, 1939: Farrar and Rinehart, New York—Toronto.*

A Review of China's Foreign Trade in 1939

BY JOHN AHLERS

TO readers abroad, China's trade statistics for the past year would seem to indicate, at a first glance, a strong revival of commercial prosperity in this country. Imports of China in 1939 are valued at GU 539,000,000, as compared with GU 386,000,000 only for the year before. Exports from China show an increase from Ch.$763,000,000 in 1938 to Ch.$1,027,000,000 last year. These figures, however, must be weighed carefully before any conclusions are drawn from them.

The average foreign exchange value of Chinese national currency last year was only half of what it amounted to during the previous year. Prices of most Chinese export commodities correspondingly increased, as expressed in Chinese currency, and it is this price increase in China which chiefly accounts for the rise in the export value. In many instances, the volume of Chinese export goods in 1939 was considerably lower than the year before.

Imports of China, it is true, experienced a genuine increase in value as well as in volume. They are calculated in Customs Gold Units whose value has not deteriorated. The import increase was almost 40 per cent. At the bottom of this increase, however, was not a healthy expansion of Chinese purchasing power for foreign goods, but the disastrous devastation by the Sino-Japanese war and its consequences over extending areas of the interior of China. China was compelled to import more because she produced less. She financed these additional imports not out of current earnings, but by drawing upon the exchange reserves at the basis of her currency. This, in turn, became the chief reason for the currency's June and July depreciations last year.

The bulk of last year's import increase in China was accounted for by products of which, in normal years, China herself is a surplus producer. The import increase was GU 153,000,000, whereof Shanghai alone was responsible for GU 120,000,000 of additional importations. The most outstanding import increase was experienced in raw cotton, whose import value rose from GU 5,500,000 in 1938 to GU 69,800,000 last year. The Shanghai cotton mills were the chief purchasers of this cotton. The other major import increase was in foodstuffs, whose import value soared from GU 85,500,000 to GU 146,100,000, showing an increase of GU 60,600,000. This import increase was strongest in cereals and flour (GU 33,400,000) and sugar (GU 13,000,000). These import increases would never have occurred had it not been for the ruin brought upon agriculture in a large part of China by the war.

These huge imports, resulting from war destruction, helped to defeat China's national currency, but in turn were defeated by that currency's depreciation. China's imports last year were highest at the height of the Anglo-Chinese Stabilization Fund's exchange intervention in Shanghai. They reached their peak in May with a total value of GU 72,700,000, i.e. more than U.S.$ 60,000,000. They rapidly declined when the Shanghai supply of foreign exchange contracted and the value of that exchange doubled. During the last four months of 1939, China's imports were fairly stable at a monthly value of around GU 34,000,000, corresponding to U.S.$ 25,000,000 only. This import decrease, assisted also by the outbreak of war in Europe, helped to strengthen Chinese currency toward the end of the year, and increased imports are again being encouraged.

Chinese exports, on the other hand, were encouraged by the very events which helped to decrease imports, and vice versa. In none of the first four months of last year did these exports surpass a value of Ch.$70,000,000. They reached $83,500,000 in May, but later declined again. It was only after the July depreciation that China's exports surpassed, Ch.$100,000,000 (the August figure). Strongly boosted by the European war, which increased the demand for Shanghai goods in southeast Asia, these exports soared to Ch.$133,500,000 in November, to decrease again to Ch.$122,000,000 in December. Shanghai gradually acquired unprecedented prominence in these exports. The city shared in China's total exports in 1939 to the extent of 60 per cent, but there were months when this share rose above 80 per cent and Shanghai temporarily experienced the sensation of a slight export surplus.

The most remarkable export developments took place in the textile groups, which together accounted for 35 per cent of China's exports in the average of last year, and for more than 50 per cent of those exports in the past few months. Raw silk made the biggest contribution to these textile exports, and was the most important export commodity of all China. The total of these textile exports would have amounted to much more than the $354,000,000 shown in the Chinese Maritime Customs returns, had not the silk export increase been offset largely by the huge decrease in exports of raw cotton. These exports were $101,000,000 in 1938, but shrank to $8,700,000 in the past year, defeating Japanese plans to extort from China vast volumes of raw material for Dai Nippon's spinning industry.

Shanghai accounted for the bulk of the textile exports, and for the bulk of the whole foreign trade of China. The city's import share in China last year was above 40 per cent, and its export share but a little below 60 per cent. Shanghai turned over half of all the foreign commerce of China. The reason for this concentration of foreign trade on the shores of the Whangpoo, however, was no longer Shanghai's geographic position near the mouth of China's most important waterway. Yangtsze shipping and trade, throughout the past year, was a Japanese monopoly, and was far below pre-war times. Produce from the interior, and goods for the interior, formed but little more than one-fifth of Shanghai's foreign trade. It was chiefly the free exchange market, the absence of trade restrictions, the huge industrial activity and the large local consumption of Shanghai which boosted the city's commerce. Especially since the outbreak of the European war, Shanghai enjoyed a definitely preferred position, in more than one respect, among all the big Far Eastern ports between Singapore and Kamchatka.

Tientsin made more than one effort to get ahead of Shanghai in China's foreign trade, but the northern port was badly handicapped by Japanese-managed exchange and trade controls, by the Nipponese blockade of the British and French Concessions, and finally by the disastrous summer and autumn floods in the North. The Gulf of Chihli ports and Tsingtao together, throughout last year, turned over about one-third of China's imports, but their export share constantly declined. It was less than 10 per cent by the end of the year. Volume and value of Free China's foreign commerce fluctuated violently, chiefly because of the extension of the Japanese blockade of the South China coast, the Nipponese seizure of Swatow, and finally the invasion of Kwangsi Province. Ever since Swatow fell into Japanese hands, the bulk of Free China's imports and exports has been diverted to the overland routes leading abroad via French Indo-China, and to a lesser extent via Burma and the Mongolian deserts and steppes.

The Japanese last year were greatly handicapped by their own commodity shortage in making the most of the markets in their new conquests in China. They

nevertheless did whatever they could to bar their American and European competitors from access to these markets. As a result, Japan acquired the leading import share in China. Over 34 per cent of all China imports last year came from the Japanese Empire. Imports from countries within the British Empire accounted for another 20 per cent, while the United States ranked third with a share of 16 per cent. All the other countries together contributed less than one-third to China's imports from abroad. Towards the end of last year, the United States got ahead of the British Empire and boosted its import share in China to 22 per cent.

In the field of exports, the British Empire definitely led in China with a share of almost half in all China exports. This huge share was due primarily to Hongkong's continuing prominence as a transit center for South China trade. Towards the end of last year, China exported to Hongkong more than to all the other British Empire countries together. In the second place followed the United States, with an export share in China of 22 per cent, while the Japanese Empire, as a customer for only one-eighth of China's exports, followed in a distant third place. All other countries accounted for less than one-fifth of China's export shipments.

Secret Wang-Japan Documents Summarized, Surveyed

WE have reproduced in this issue of *The Review* translations of secret documents published in Hongkong on Jan. 21 by Messrs Kao Tsung-wu and Tao Hsi-sheng, purporting to contain the essential terms of an agreement between Wang Ching-wei and the Japanese, which Wang allegedly signed at Shanghai last December 30. The revealers of the alleged secret agreement were, until recently, quite prominent in Wang Ching-wei's political camp. Their motives in disclosing to public view the secret dickerings which they and their erstwhile chief had with the Japanese imperialists are still obscure. If one accepts their telegram to Wang, printed as a preface to the documents, at its face value, they were actuated by the most lofty motives—love of their country and abhorrence of a deal which would deliver a large part of their native land to its principal enemy. However, their decidedly belated repudiation of the treachery to which they had previously lent themselves without demur, entitles one to assume that their motives are not so lofty as they would like to have their fellow-countrymen believe. It is much more likely that the harshness of Japan's terms, as disclosed in the documents, convinced them that Wang Ching-wei's "peace movement" was foredoomed to failure, and that they decided to salvage what they could of their tarnished reputations by leaving the sinking ship in time. That this meant double-crossing Wang, and betraying him, apparently did not enter their calculations. What is one more double-cross to men who have already lost their honor?

Wang Ching-wei has denied that he signed any peace terms with Japan on Dec. 30, as the Messrs Kao and Tao alleged. He added to the denial a statement that he would be unable to negotiate any peace with Japan until after the formation of his projected central government. Chen Chun-po, one of Wang's closest henchmen, said that the documents published by Kao and Tao were "merely the original Japanese demands" and appealed for public patience until appearance of the actual agreement. Chow Fu-hai, another of Wang's political musket-bearers, said that the documents were "only a draft prepared by a group of Japanese and did not represent the wishes of the Japanese Government." Japan and the Japanese have remained singularly silent about the whole affair.

The form of the documents suggests that Chow Fu-hai was telling the truth when he said that they were only a draft. They are not drawn in the language of an agreement, but rather in the style of memoranda. Nevertheless, it is conceivable that Wang Ching-wei might have signed the first document in order to signify his acceptance of Japan's terms, which later would be embodied in a regularly-drawn treaty between his government and Japan. The point is not important anyway. Even if Wang could prove that he had not signed, the enormity of his offense as a traitor to his country would in no way be mitigated. The Japanese demands, as the documents disclose, would dismember China and reduce her to the status of a Japanese colony. If Wang, as he pretends, is concerned for the welfare and future of his country, and not simply with feathering his own nest, he would have broken off relations with the Japanese the moment such demands were handed to him and would have denounced the authors of the demands in language which could have left no room for misunderstanding as to his true motives.

Wang did not do that. Instead, he continues his dickerings with Japan and his efforts to construct a "Central Government" which he knows will exist only on Japanese sufferance and on condition that it concedes what Japan wants. This line of conduct speaks only too eloquently for itself.

So much for Wang Ching-wei. Let us now consider the terms of the alleged agreement and what they imply. North China (meaning the provinces of Hopei, Shansi and Shantung, and that part of Honan which lies to the north of the old Yellow River bed) and Inner Mongolia are to become "special zones for close Sino-Japanese cooperation," while Inner Mongolia shall have a special position in both the military and political sphere and become an autonomous anti-Communist zone. In other words, the provinces forming Inner Mongolia (Suiyuan, Chahar and Ninghsia) are to be virtually detached from China. Wang Ching-wei's government, if and when it is formed, is to be required to enter into a written agreement with the puppet Mongolian government giving the latter formal recognition. Nor is this all. Other zones of "close Sino-Japanese economic cooperation" are to be the lower part of the Yangtsze Valley and certain specially-designated islands off the South China coast, e.g. Hainan Island.

Another of the Japanese terms provides that China shall recognize Manchukuo. More than this, Japan, China and Manchukuo "shall suppress, in the future, any political propaganda or commercial measure or cause that may jeopardize the friendly relations between the three countries" and shall "adopt a policy of cooperation in their diplomatic relations (foreign affairs) and may not violate this principle in their relations with third Powers." It is not difficult to discern in this language the broadest of broad hints that it is the intention to force "third Powers" out of China altogether.

While endowing Wang's government with a formal sovereignty over the Japanese-occupied areas, Japan proposes to dispatch advisers to the new Central Government "to assist it in various new enterprises of reconstruction, and more especially to the various organs in the zones for close Sino-Japanese cooperation" It is not difficult to envision a situation in which the Japanese "advisers" will exercise broad powers of veto, thus reducing Wang's government to the position of executors of Japanese policy in every economic sphere. As a sop

to any nationalist susceptibilities Wang may still harbor, Japan gives a vague undertaking "gradually" to *consider* the retrocession of the Concessions and the relinquishment of extraterritorial rights.

In the broader sphere of international relations, the alleged Japan-Wang agreement provides for a Sino-Japanese military alliance directed against Soviet Russia ("A Sino-Japanese anti-Communist military alliance shall be separately concluded") while Japan, China and Manchukuo "shall suppress Communist elements and organizations in their respective territories, and shall exchange information and cooperate in propaganda for joint struggle against Communism." It would be interesting to have Moscow's view on these provisions, for Japan and Soviet Russia are currently engaged in parleys for trade and border agreements and—some quarters believe—an eventual non-aggression pact!

The question of withdrawal of Japanese armed forces from China has been frequently referred to by Wang Ching-wei in propaganda statements in support of his "peace movement." What do the no-longer-secret documents have to say on this score? First of all, Japan "shall station a necessary number of troops in North China and Mongolia." All other troops "shall be promptly withdrawn in accordance with developments in the general or local situation, but those at present stationed in North China and along the lower reaches of the Yangtsze River shall continue to be stationed in those areas until peace and order are definitely restored." Japanese gunboats shall have the right to be stationed in specially designated areas along the Yangtsze and at specially designated islands in South China. In other words, there is no undertaking to withdraw, and withdrawal will take place when Japan pleases and not before.

As if this were not already a sufficiently comprehensive denial of Chinese sovereignty, Japan also "reserves the right to demand and supervise railways, airports, postal services, principal harbors and waterways in areas where Japanese troops are stationed." In those areas, moreover, only a "minimum number" of Chinese police, troops and other armed forces may be temporarily stationed for the maintenance of peace and order and for the fulfillment of the requirements of national defense. Japan shall also dispatch advisers and instructors to China to train Chinese troops and police and shall furnish such troops and police with military equipment.

To strengthen Japan's economic grip over China, the documents provide for a tripartite agreement between Japan, China and Manchukuo concerning the development of natural resources and the administration of Customs, commerce, aviation, communications, postal service and meteorological surveys. China shall accord "special facilities" to Japan for the development of natural resources in North China and Mongolia, and "more especially for the development and utilization of resources in Mongolia and Tibet." Tibet—here is something for Soviet Russia and Great Britain to think about!

China, of course, must be made to feel the humiliation of defeat by the time-honored device of indemnities. The documents state: "The New Central Government shall pay indemnities to Japan for losses suffered by the Japanese Government and the Japanese people in China since the outbreak of the Incident."

In fiscal matters it is provided that Customs and salt revenues and Consolidated Tax receipts are to be regarded as Central Government revenues "as a general principle." In practice, however, the country is to be split fiscally as it is economically and politically. Thus a "certain percentage" of the Customs and salt revenues "shall be temporarily turned over to the North China Political Affairs Committee (a body still to be created and which will succeed the puppet regime of Wang Keh-min), while the said Committee shall have supervisory powers over the collection of such revenues in the area which it will control. It shall also have the right to issue loans and shall control all government properties in North China. The Lunghai Railway will also come under its jurisdiction, and it is to be given jurisdiction in local diplomatic matters involving Japan and/or Manchukuo. Finally, Wang's government is told that it will have to recognize ("as a *fait accompli*") that Amoy is a Special Administrative Area.

After reading the foregoing outline of the main points in the alleged Wang-Japan agreement, our readers can judge for themselves whether any more complete picture of a China dismembered, truncated, torn apart and rendered subject to Japanese domination in perpetuity could possibly have been presented.

China Works and Fights

Amerasia

We learn from further perusal of the documents that Wang Ching-wei presented to Japan last August a list of "urgent expectations," fulfillment of which was stipulated as a condition for the formation of a Central Government for China. One searches this particular document in vain for any trace of a demand that Japan withdraw her armed forces from China and recognize the sovereign will of the Chinese nation in the conduct of its own affairs. The "urgent expectations" boil down to these:

1. Wang wants an advance of $40,000,000, "in the form of a loan," paid over to him from Japanese-seized Chinese Customs funds deposited in the Yokohama Specie Bank, the "loan" to be "indirectly redeemed" after the inauguration of his Government.

2. He wants future Customs revenues remitted to his treasury, agreeing, however, that a portion of them

be deposited in the Yokohama Specie Bank and the remainder in Chinese commercial banks designated by his government.

3. He wants to take over the Consolidated Tax Bureaux in Kiangsu, Chekiang and Anhwei provinces and their revenues turned over to his treasury. These Bureaux, although in the territory of the Nanking "Reformed Government," are, as Wang states, handing over the funds they collect to the Special Service Section of the Japanese Army.

4. He proposes that Japan restore the Salt Revenue Administration, after the inauguration of the Central Government, to conditions prevailing before the hostilities. At present, he points out, the only salt-dealing body in occupied China is the Tung Yuan Corporation, a Japanese-operated salt transportation concern which pays no taxes.

Unless Japan agrees to all these financial demands, Wang stated, "the Central Government cannot be inaugurated." No wonder Gen. Chiang Kai-shek exclaimed: "Wang is interested only in money, money, money!"

But there are a few more "urgent expectations" which reveal the trend of Wang's thought in other directions. He asked Japan to agree to reopen the Shanghai-Nanking section of the Yangtsze River within two months after the inauguration of his Central Government. The latter, he said, must secure *de facto* recognition by Britain, France and the United States and—"Such recognition cannot be obtained if the Yangtsze is not reopened." Apart from this, he wants his government to take over from the Japanese the right to issue free travelling passes on the Shanghai-Nanking Railway—a sure way, Wang calculates, of winning faithful followers in this part of the country. Finally, with a view to hoodwinking the Chinese people that his government enjoys real sovereignty, he wants Chinese gendarmes and police to conduct "inspection" of travellers at the Nanking railway station and at the various city gates, while Japanese troops, when they want to make arrests in the city, should be requested to do so in conjunction with Chinese gendarmes and police. Why these two "urgent expectations?" Wang explains: "The foregoing two points, though they may appear to be small matters, are of great importance in altering the feelings and psychology of the people." In other words, he wants to make Japanese overlordship in China less obvious to those who will feel its iron heel.

But Wang's "urgent expectations," it appears from the concluding document, brought only evasions and vague promises from Japan. Regarding the request for $40,000,000, Japan "is prepared to fulfil your honorable wishes if, after the inauguration of the future Central Government, the criteria for readjustment of new Sino-Japanese relations . . . and other transitional measures are definitely fixed and carried out."

As regards control of future Customs revenues and administration, they will be placed, "in principle," under the control of the Central Government. "However, with the exception of that part held as security for foreign loans, please turn over the Customs revenues collected in North China and Inner Mongolia to (the authorities of) North China and Inner Mongolia. Moreover, for the time being please continue to deposit Customs revenues in the Yokohama Specie Bank."

Japan "takes no exception" to the Central Government controlling the Consolidated Tax Bureaux in Kiangsu, Chekiang and Anhwei and remission of their funds to Wang's treasury; agrees to "gradual readjustment" of the salt revenue situation with a view to restoring the old system (except as regards North China and Inner Mongolia); hopes there will be a relaxation in Japanese military operations in the Yangtsze Delta ("However, under present conditions, it is still difficult to fix a definite day for reopening the river."); and as regards travelling passes on the Shanghai-Nanking Railway and the searching of travellers, informs Wang that this will have to be settled with the Japanese authorities concerned (meaning the Japanese Army on the spot) "on the basis of requirements for the maintenance of peace and order."

We have touched in this editorial review only upon the more outstanding points revealed in the documents published in Hongkong by Kao Tsung-wu and Tao Hsi-sheng. They are sufficient to reveal the drastic character of the "peace" which Japan desires to impose on China and the position of an utter craven into which Wang Ching-wei has fallen. Truly it would seem as if he is ready to sell out his country's birthright—not his own, for he plans to provide well for himself!—in exchange for a handful of silver. The documents also enable us to understand why Wang's new Central Government has so frequently failed to make its scheduled appearance. The Japanese want Wang to sign away China's heritage as the condition of allowing him to become their leading puppet. But Wang, it seems, wants several good millions of dollars jingling in his treasury, with a few face-savers thrown in for good measure, before he consents to come to the forefront of the marionette stage.

Coal-Power Shortage Problem in Japan Becomes Desperate

The new Japanese Cabinet, at its special conference on January 23, did not discuss international affairs as might be expected, but devoted its entire attention to the problem of coal shortage and the power crisis. Mitsui and Mitsubishi were asked to supply 160,000 tons to the Japan Power Generation and Transmission Company from their February quotas. According to a report in the *Asahi Shimbun* (Jan. 24) the new Government has decided, as a second-stage step, to request the cooperation of the Japanese authorities in North China, Manchukuo, Formosa and Saghalien in the hope of obtaining between 100,000 and 200,000 tons in preparation for the dry season in February and March when there will be a further shortage of water power.

Three things must be done, according to the report: First, large quantities of coal held for the use of the Army, amounting to hundreds of thousands of tons (Kailan coal) piled up at Chinwangtao and elsewhere, must be transported to Japan in order to meet the urgent need; second, coal stored at Keelung, Formosa (for the use of the Navy) must also be transported to Japan immediately; third, coal stored at the ports of Odomari, Maoka and Hondo must be shipped from Saghalien to Japan.

In case these steps are not sufficient to relieve the desperate situation, the Government is planning to obtain coal from overseas sources. The Ministry of Finance will arrange payment in foreign currencies. But the Government probably will permit private firms to handle the transaction rather than handling it directly.

The situation is so serious, states the *Asahi*, that "in executing these counter-measures to cope with the coal famine, the Government will mobilize all available transportation facilities under the charge of Government organs, including the Ministries of Railways, Communications, Overseas, Commerce and Industry, Manchurian Affairs Board, State Government of Manchukuo and also will obtain the cooperation of all private circles. . . but the Government will avoid taking any compulsory steps as much as possible and is not planning to grant any subsidy in order to obtain the cooperation of private interests, or to recognize any elevation of coal prices . . . . the Government will continue discussions of the coal crisis at Cabinet conferences tomorrow and in future . . . ."

A further article in the *Asahi*, referring to the water-power shortage, said the new Government was planning "wholehearted efforts to alleviate and abolish the power supply restrictions and stabilize power supply to wartime industries, even by importing foreign coal if found necessary." The Communications Minister, Mr. Katsu, said that as a first step to prevent extravagant use of power, he intended to restrict the use of neon-signs.

The *Hochi* reported that the situation had become so serious in the Kwansai district that the Japan Power Generation and Transmission Company had suspended transmission to the Daido Chemical Industrial Company. Other firms to be cut off in future would be the Nisso and Nissan chemical interests. The Government monopoly company had also made preparations to open the dam of the Komaki Water Power Plant due to the aggravation of the power famine.

The *Hochi* also reported that the new Government had decided to adopt a rationing system in the charcoal industry. Stocks amounting to 1,000,000 bales now on hand would be distributed by a ticket system to families which have no stocks at present.

Wang Ching-wei Sells Out

Text of Documents Embodying Secret Agreement Reached With the Japanese

Editor's Note:—A rift in the Wang Ching-wei camp, causing the desertion of at least two of Wang's leading associates, has served to bring to light the terms of a secret agreement for a peace humiliating to China, involving the virtual dismemberment of this country, and its reduction to the status of a Japanese colony. Authors of the revelation are Kao Tsung-wu and Tao Hsi-sheng. The former was at one time director of the Asiatic Affairs Bureau of the Ministry of Foreign Affairs at Nanking and served under Wang Ching-wei when the latter held the concurrent post of Foreign Minister from 1932 to 1935. The latter, a university professor, was formerly a member of the Central Political Council at Nanking. Associating themselves with Wang Ching-wei's "peace movement" from the very beginning (December, 1938), Messrs Kao and Tao were with Wang in Shanghai until recently. Kao accompanied Wang to Tokyo and participated with him in parleys with the Japanese Government. Tao took part with Wang in parleys with the Japanese Army at Shanghai. In mid-January they departed for Hongkong where, on January 21 in the Ta Kung Pao, they published a joint letter summarizing Wang's agreement with the Japanese as embodied in a series of documents. They said they had had the documents photographed in Shanghai and had forwarded them to the Chinese Government in Chungking. Because of their importance, we reproduce in full the translations of the documents as released by the Kuo Min News Agency.

PREFATORY

Simultaneously with publication of their letter in Hongkong, Messrs Kao and Tao dispatched a telegram to Wang Ching-wei and his henchmen at Shanghai, urging them to reconsider their position. Directed to Mr. & Mrs. Wang Ching-wei and Messrs Chu Ming-yi, Chou Fu-hai, Mei Szu-ping, Ting Mu-tsun, Chen Chun-pu and Lin Pai-sheng, the telegram was addressed to Lane 1136, Yu Yuen Road, Shanghai (Wang Ching-wei's fortified residence in the Badlands). It is noteworthy that Chen Kung-po was omitted from the list of addressees, leading to the supposition that he, too, has deserted the Wang Ching-wei fold. The text of the telegram, as released by the Kuo Min News Agency, was as follows:

"We, Hsi-sheng and Tsung-wu, have the moral obligation to keep secret the proceedings of diplomatic negotiations between you and Japan, which we directed and in which we also participated.

"However, we, Hsi-sheng and Tsung-wu, consider that Japan's scheme to dismember our country and bring about its extinction should not be kept secret by you and our old friends in the Council (Mr. Wang's) merely for the sake of a temporary success, and that it will also be ultimately abandoned by far-sighted Japanese statesmen. If you and our old friends in the Council should hope to succeed in this manner, your success will spell the defeat of the Chinese Republic.

"We, Hsi-sheng and Tsung-wu, consider that for the sake of the independence, freedom and existence of our 400 million compatriots and our descendants in the next ten thousand generations, our moral obligation mentioned above no longer exists. As we send you this telegram, our spirit flies to you. The telegram does not fully express our ideas.

"We earnestly hope that you and our old friends will 'restrain the horse from falling over the precipice' and abandon this movement which is not beneficial but detrimental to the interests of the State. If you do so, it will be a blessing to the State and the people as well as to us, Hsi-sheng and Tsung-wu.

(Signed) Tao Hsi-sheng and Kao Tsung -wu (January 22)"

TRANSLATION OF DOCUMENTS OF SECRET AGREEMENT BETWEEN WANG CHING-WEI AND JAPAN

AN OUTLINE GOVERNING READJUSTMENT OF NEW SINO-JAPANESE RELATIONS

(This document is said to have been presented by "Sadaki Kagesa" on Nov. 5 to Chow Fu-hai and Mei Szu-ping in the Rokusan Gardens, Shanghai, and signed on Dec. 30 last by Wang Ching-wei and the Japanese).

Primary Principles:

1. The Japanese and Chinese Governments shall readjust the new relations between the two countries in accordance with the General Principles governing readjustment of new Sino-Japanese relations, as set forth in Annex 1.

2. *Faits accomplis* before the restoration of normal relations between the two countries as the result of the incident (hostilities) shall be recognized and gradually readjusted in accordance with developments in the situation and in conformity with the above-mentioned General Principles.

3. Continuance of the Special situation created by "necessity" during the course of the Incident shall be recognized. The above-mentioned special situation shall be gradually readjusted in accordance with developments in the situation until settlement of the Incident, in conformity with the General Principles Governing Readjustment of Sino-Japanese Relations.

4. Detailed measures for carrying out the foregoing two items shall be separately studied.

ANNEX 1.—GENERAL PRINCIPLES GOVERNING READJUSTMENT OF THE NEW SINO-JAPANESE RELATIONS.

Japan, China and Manchukuo, in consonance with the idea of establishing a new order in East Asia, in pursuance of the spirit of neighborly cooperation, and for the attainment of the common objective of consolidating peace in East Asia, shall carry out the following fundamental items:—

1. On the basis of reciprocity, Japan, China and Manchukuo shall establish the fullest cooperation between them, and shall pay particular attention to the principles of neighborly amity, joint defense against Communism and economic collaboration.

2. Special zones for close Sino-Japanese cooperation, both military and economic, shall be established in North China and Mongolia. In Mongolia, besides the above-mentioned provision, Japan, for the sake of defense against Communism, shall have a special position both in the military and political spheres.

3. A zone for close Sino-Japanese economic cooperation shall be established in regions along the lower reaches of the Yangtsze River.

4. A special status shall be established in certain specially designated islands off the South China coast.

5. Concrete measures for carrying out the foregoing items shall be based on the provisions set forth in Annex 11.

ANNEX 11.—IMPORTANT ITEMS RELATING TO READJUSTMENT OF THE NEW SINO-JAPANESE RELATIONS.

1.—Affairs Relating to Neighborly Amity:

Japan, China and Manchukuo, in pursuance of the spirit of mutual respect, shall cooperate fully with each other for the preservation of peace in East Asia and shall translate their neighborly amity into genuine collaboration.

1. China shall recognize the Empire of Manchukuo. Japan and Manchukuo shall respect China's territorial and sovereign rights. Japan, China and Manchukuo shall establish new relations with each other.

2. Japan, China and Manchukuo shall suppress, in the future, any political propaganda or commercial measure or cause that may jeopardize the friendly relations between the three countries.

3. Japan, China and Manchukuo shall adopt a policy of cooperation in their diplomatic relations (foreign affairs) and may not violate this principle in their relations with thrid powers.

4. Japan, China and Manchukuo shall cooperate in the promotion of culture.

5. Japan shall despatch advisers to the New Central Government to assist it in various new enterprises of reconstruction, and more especially to the various organs in the zones for close Sino-Japanese cooperation.

6. In accordance with the gradual establishment of friendly relations between Japan, China and Manchukuo, Japan shall gradually consider the retrocession of concessions and the relinquishment of extraterritorial rights (in China).

II.—Affairs Relating to the General Principle of Joint Defense against Communism:

Japan, China and Manchukuo shall adopt concerted measures for joint defense against Communism.

1. Japan, China and Manchukuo shall suppress Communist elements and organizations in their respective territories, and shall exchange information and cooperate in propaganda for joint defense against Communism.

2. Japan and China shall regard joint defense against Communism as their common objective. Japan shall station a necessary number of troops in North China and Mongolia.

3. A Sino-Japanese anti-Communist military alliance shall be separately concluded.

4. Japanese troops, other than those referred to in Item 2, shall be promptly withdrawn in accordance with developments

in the general or local situation, but those at present stationed in North China and along the lower reaches of the Yantgsze River shall continue to be stationed in those areas until peace and order are definitely restored.

5. For the sake of joint maintenance of peace and order, Japanese gunboats shall have the right to be stationed in specially designated areas along the Yangtsze and at specially designated islands in South China.

6. Japan reserves the general right to demand and supervise railways, airports, potsal services, principal harbors and waterways in areas where Japanese troops are stationed.

7. In areas where Japanese troops are stationed, only a minimum number of Chinese police, troops, and other armed forces may be temporarily stationed for the maintenance of peace and order and for the fulfilment of the requirements of national defense. Japan shall despatch advisers and instructors (to China) for the training of Chinese troops and police and shall furnish the latter with military equipment.

III.—Affairs Relating to the General Principle of Economic Cooperation :

Japan, China and Manchukuo, in pursuance of the spirit of mutual self-defense, shall adhere to the principle of reciprocity in the promotion of productive and economic enterprises, so that their respective economic requirements may be fulfilled.

1. Japan, China and Manchukuo, in pursuance of the above-mentioned objective as well as those mentioned in the following items, shall conclude an agreement concerning the development of natural resources and the administration of Customs, commerce, aviation, communications, postal services and meteorological surveys.

2. In conformity with the spirit of joint defense and economic cooperation, China shall accord special facilities to Japan for the development of natural resources in North China and Mongolia, and more especially for the development and utilization of resources in Mongolia and Tibet. For the sake of economic cooperation, China shall also accord necessary facilities to Japan for the development of special resources in other areas.

3. Japan shall give special assistance to China for the development of general productive enterprises. Japan shall assist China in the improvement of agriculture with a view to increasing farm production and stabilizing the livelihood of the Chinese people.

4. Japan shall assist China in formulating a financial and economic policy.

5. With reference to commerce, an appropriate Customs Tariff and an appropriate system of Customs administration shall be adopted with a view to improving trade relations between Japan, China and Manchukuo. At the same time, the supply of raw materials between Japan, China and Manchukuo and more especially in North China shall be readjusted.

6. Japan shall assist China in the development of communications, postal services and meteorological surveys. Japan shall assist China in the development of aviation and the improvement of the administration of railways in North China (including the Lung-Hai Railway). Japan and China shall cooperate in establishing a sea route between Japan and the Chinese coastal regions, in facilitating navigation along the Yangtsze River, and in establishing postal communications between North China and regions along the lower reaches of the Yangtsze.

7. Japan and China shall cooperate in establishing a New Shanghai.

Remarks :

1. The New Central Government shall pay indemnities to Japan for losses suffered by the Japanese government and the Japanese people in China since the outbreak of the Incident.

2. The New Central Government shall maintain the closest relations with Japan in all important matters concerning Japan before the establishment of new Sino-Japanese relations.

ANNEXES ATTACHED TO THE OUTLINE GOVERNING READJUSTMENT OF NEW SINO-JAPANESE RELATIONS

I.—Outline Governing Readjustment of Relations with the Provisional Government :

1. The term "North China" referred to in this Outline, in a general sense, denotes Hopei province, Shansi province and Shantung province, to the south of the Great Wall, and that part of Honan province to the north of the old Yellow River bed.

2. With reference to the special character of the zone for close national defense and economic cooperation between North China, Japan and Manchukuo, a North China Political Affairs Committee shall be established in accordance with the General Principles Governing Readjustment of New Sino-Japanese Relations, so as to attend to all local affairs concerning Japan and Manchukuo.

3. Detailed measures concerning the powers and organization of the North China Political Affairs Committee shall be decided upon by the Central Political Council. However, before the establishment of the Central Government, they shall be fixed by Wang (Ching-wei) and Wang (Keh-min).

4. The powers and organization of the North China Political Affairs Committee shall aim at carrying out the following affairs during the establishment of new normal relations between Japan and China. However, before the establishment of such relations, the following items shall also be regarded as objectives of the Committee with a view to the gradual readjustment (of Sino-Japanese relations). The name of the Provisional Government shall be abolished and *faits accomplis* (by the Provisional Government) shall be temporarily recognized and taken over by the North China Political Affairs Committee, so as to facilitate the transfer of political affairs and prevent anxiety on the part of the public.

(1). Affairs relating to joint defense, especially defense against Communism and maintenance of peace and order.

(*a*). Disposal of affairs arising from the stationing of Japanese troops (in China).

(*b*). Disposal of affairs arising from Sino-Japanese joint defense against Communism and maintenance of peace and order.

(*c*) .Disposal of other affairs arising from Sino-Japanese military cooperation.

(2). Affairs relating to economic collaboration, especially exploitation of natural resources and readjustment of (raw ?) material supplies between Japan, Manchukuo and North China.

(*a*). Disposal of affairs relating to the granting of special facilities to Japan for the exploitation and utilization of natural resources.

(*b*). Disposal of affairs relating to readjustment of (raw ?) material supplies between Japan, Manchukuo, Mongolia and North China.

(*c*). Disposal of affairs relating to joint readjustment of trade and currency relations between Japan, Manchukuo, Mongolia and North China.

(*d*). Disposal of affairs relating to joint Sino-Japanese development of aviation, railways, postal services and principal sea routes (between Japan and China).

(3). Disposal of affairs relating to the employment of Japanese advisers and employees.

(4). The Central Government shall give its support to a joint (Sino-Japanese ?) currency system, and other systems relating thereto, during the period of transition.

(5). Provisional relations between the North China Political Affairs Committee and the Central Government.

(*a*). The North China Political Affairs Committee, in order to defray necessary expenditures, may adopt necessary measures for the collection of revenues. Consequently, although Customs revenues, Salt revenues and Consolidated Taxes are to be regarded as Central Revenues as a general principle, a certain percentage of Customs and Salt revenues shall be temporarily turned over to the North China Political Affairs Committee. Moreover, the power of supervision over organs for the collection of the above-mentioned National Revenues shall be delegated by the Central Government to the North China Political Affairs Committee.

(*b*). The North China Political Affairs Committee shall have the right to issue loans to a certain extent.

(*c*). Government properties (in North China) shall continue to be placed under the control of the North China Political Affairs Committee and shall be gradually readjusted.

(*d*). Customs, postal and air services shall be placed under the control of the Central Government; but the existing conditions of such services shall be altered gradually.

(*e*). Affairs relating to the administration and operation of the Lung-Hai Railway shall be placed under the jurisdiction of the North China Political Affairs Committee.

(*f*). With the exception of officials of the Te-Jen (first) rank, the power of appointing subordinate officials (in North China) shall reside in the North China Political Affairs Committee.

(*g*). Diplomatic negotiations with Third Powers shall be conducted by the Central Government. Negotiations concerning local affairs arising between (North China) and Japan and Manchukuo shall be conducted by the North China Political Affairs Committee.

II.—Outline Governing Readjustment of Relations with the Reformed Government :

1. The views of the Reformed Government (existing Nanking regime) shall be respected. Any action likely to affect the stability of the Reformed Government shall be avoided. Measures shall be taken to guide the Reformed Government to become a part of the Central Government and to enable the Reformed Government to continue to perform its political duties pending the inauguration of the Central Government.

2. After the establishment of the Central Government, no Political Affairs Committee need be established, thanks to the understanding of the Reformed Government. However, the status of the important leaders of the Reformed Government shall be taken into due consideration by Wang's (Wang Ching-wei's) side.

3. During the inauguration of the Central Government and the abolition of the Reformed Government, the Central Government shall temporarily recognize and take over the *faits accomplis* (by the Reformed Government), so as to facilitate the transfer of political affairs and prevent anxiety on the part of the public.

4. In order to realize close Sino-Japanese economic cooperation in regions along the lower reaches of the Yangtsze River, Japan presents the following special requests :—

(1). Requests concerning a New Shanghai:

(*a*). Affairs relating to joint reconstruction in the New Shanghai.

(*b*). Disposal of affairs arising from the stationing of Japanese troops in the New Shanghai.

(*c*). Affairs relating to joint administration of aviation, sea navigation, shipping along the Yangtsze, and postal services in the New Shanghai.

(*d*). All other affairs relating to Sino-Japanese cooperation in the New Shanghai.

(2). In order to facilitate the fulfilment of the above-mentioned Japanese requests, a Sino-Japanese Economic Association shall be established.

III.—Outline Governing Readjustment of Relations with the Mongolian Autonomous Government:

1. The term "Mongolia" referred to in this Outline, in a general sense, denotes the region to the north of the Inner Great Wall.

2. In view of the special character of Mongolia as a zone for close national defense and economic cooperation between Japan, China and Manchukuo, with the exception of diplomatic affairs (excluding negotiations with Japan and Manchukuo), all executive, legislative, judicial and military affairs, and negotiations with Outer Mongolia, shall be based on *faits accomplis*. (Inner Mongolia) shall be granted extensive local autonomy and shall be recognized as an anti-Communist autonomous zone.

3. In order to establish relations between the Mongolian Federal Autonomous Government and the New Central Government, a written agreement concerning the following affairs shall be concluded by Wang Ching-wei or his representative with Prince Te (Te-Mu-Chu-Ko-Tung-Lu-Pu, Vice-President of the Silingol League) or his representative.

(1). The Central Government shall recognize the anti-Communist and autonomous character of the Mongolian Federal Autonomous Government as a *fait accompli*.

(2). Measures for the readjustment of relations between the two political regimes shall be separately negotiated on the basis of this understanding, after the inauguration of the New Central Government.

4. Upon the conclusion of the understanding referred to in the foregoing item, the Mongolian Federal Autonomous Government shall despatch a representative to the Central Political Council.

5. The Central Political Council shall discuss no affairs outside of the scope of the understanding referred to in Item 3.

IV.—(New status of) Amoy.

Wang's (Wang Ching-wei's) side shall recognize as a *fait accompli* that Amoy is a Special Administrative Area.

V. Specially Designated Islands off the South China Coast.

With reference to the specially designated islands off the South China coast, an administrative organ (including a military organ) shall be established on Hainan Island, under the direct jurisdiction of the Central Government. This organ shall carry out the following demands based on Japan's special position on the Island:—

1. Affairs arising from the stationing of Japanese troops (on the Island).

2. Affairs relating to Sino-Japanese joint military affairs and maintenance of peace and order.

3. Affairs relating to exploitation and utilization of natural resources of special importance to national defense.

4. Affairs relating to aviation, communications and sea navigation.

Remarks:

1. This Outline includes our (Japan's) requests concerning a future Sino-Japanese agreement, and affairs relating to voluntary disposal of military and political questions on the part of China.

URGENT EXPECTATIONS FROM JAPAN BEFORE INAUGURATION OF A NEW GOVERNMENT.

(This document was drawn up by Wang Ching-wei and handed by Chow Fu-hai late in August last year to a Japanese agent, who took it to Japan).

Japan has sent a written reply to China's hope for enforcement of the general principles concerning respect for China's sovereign rights, and has expressed a full understanding of China's hope and undertaken to make energetic efforts to realize it. In view of the approach of the date for inauguration of the Central Government, China regards the following items as indispensable conditions for the inauguration of the Central Government. Their enforcement will not be incompatible with Japan's considerations regarding space and time. It is hoped that Japan will express her agreement to these conditions.

1. Since the conclusion of the Anglo-Japanese Customs Agreement in May last year, Customs revenues have been deposited in the Yokohama Specie Bank. Up to the present, revenues collected by the Chinese Maritime Customs (in Shanghai) alone have amounted to more than $180 millions. The Chungking Government has made payments up to Jan. 31 this year (1939) for the amortization of foreign loans and payment of (Boxer) Indemnities. Please therefore return to the Central Government the sinking fund for the amortization of foreign loans and payment of (Boxer) Indemnities, as well as surplus Customs revenues, that have accumulated before January this year (1939). However, in conformity with the legal procedure, the fund should be returned only after the inauguration of the Central Government. Japan is hereby requested to agree to the following two points:—

(a). Before inauguration of the Central Government, please order the Yokohama Specie Bank to advance $40 millions in the form of a loan derived from Customs revenues deposited in the Bank. The loan will be indirectly redeemed after the inauguration of the Government.

(b). After all Customs revenues deposited in the Yokohama Specie Bank have been returned (to the new Central Government), Customs revenues collected each month in the future shall be remitted to the National Treasury of the Central Government. However, a portion of the revenues may be deposited in the Yokohama Specie Bank, and the remainder in Chinese commercial banks designated by the Central Government.

2. The Consolidated Tax Bureaux in the three provinces of Kiangsu, Chekiang and Anhwei are at present independent organs and are not under the jurisdiction of the Reformed Government. Revenues collected each month are remitted to the Japanese Special Service organ. A part of the revenues is then remitted by this organ to the Reformed Government. With the concurrence of the Japanese authorities, (the above-mentioned Consolidated Tax Bureaux) shall be taken over by the Ministry of Finance upon inauguration of the Central Government. Receipts (from Consolidated Taxes) shall be remitted to the National Treasury in the future.

3. Salt revenue constitutes the chief source of taxation in our country, but at present there are no receipts from this source. The Tung Yuan Corporation, established in Central China, is a Japanese-operated salt transportation organ, and pays no taxes. Before inauguration of the Central Government, Japan should agree to restore the administration of salt revenues and the methods of revenue collection, after the inauguration of the Central Government, to conditions prevailing before the Incident (hostilities).

The foregoing three points are related to Finance. If they cannot be carried out, the Central Government cannot be inaugurated.

4. Japan is requested to agree to reopen the Shanghai-Nanking section of the Yangtsze River within two months after the inauguration of the Central Government. Negotiations in this connection shall be conducted by the Central Government. With reference to the prevention of transportation of arms and ammunition by foreign steamers to guerrilla units, strict technical measures may be adopted. The Central Government, after its inauguration, must secure *de facto* recognition by Britain, France and the United States. Such recognition cannot be obtained if the Yangtsze is not reopened.

5. Travelling passes for the Nanking-Shanghai Railway shall be issued by the Central Government instead (of by the Japanese authorities).

6. Inspection (of travellers) at the Nanking Railway Station and at the various City Gates shall be conducted by Chinese gendarmes and police. Japanese troops, when they want to make arrests within the city, should be requested to do so in conjunction with Chinese gendarmes and police.

The foregoing two points, though they may appear to be small matters, are of great importance in altering the feelings and psychology of the people. However, those two points can only be carried out with the full understanding of the Japanese military authorities now stationed in Nanking. Japan is requested to pay particular attention to this matter.

JAPAN'S REPLY TO WANG CHING-WEI'S "URGENT EXPECTATIONS"

(The reply was sent to Mr. Wang in the middle of October last year).

The chief points of our (Japan's) reply to China's Urgent Expectations are as follows:—

I. With Reference to Customs Revenues:

(1). With reference to your request that the Shanghai Branch of the Yokohama Specie Bank advance a sum of $40 millions under certain conditions in the form of a loan derived from Customs revenues deposited by the Shanghai Maritime Customs in the Bank before inauguration of the Central Government, (Japan) is prepared to fulfil your honorable wishes if, after the inauguration of the future Central Government, the criteria for readjustment of new Sino-Japanese relations, that is to say, the General Principles for Readjustment of New Sino-Japanese Relations, and other transitional measures are definitely fixed and carried out.

(2). With reference to disposal of Customs revenues after inauguration of the new Central Government, the system of Customs administration and disposal of Customs revenues shall be placed, in principle, under the control of the Central Government. However, with the exception of that part held as security for foreign loans, please turn over the Customs revenues collected in North China and Inner Mongolia to (the authorities of) North China and Inner Mongolia. Moreover, for the time being, please continue

to deposit Customs revenues in the Yokohama Specie Bank.

II. With Reference to Consolidated Taxes :

(Japan) takes no exception to the proposal that, after inauguration of the Central Government, (the organs for the collection of) Consolidated Taxes in the three provinces of Kiangsu, Chekiang and Anhwei be taken over by the Ministry of Finance of the Central Government; that receipts from Consolidated Taxes be remitted to the National Treasury; and that the administration of Consolidated Taxes be gradually readjusted.

III. With Reference to Salt Revenues :

(Japan) takes no exception to the proposal that, after inauguration of the new Central Government, the administration of Salt revenues and the methods for the collection of Salt revenues, with the exception of those in North China and Inner Mongolia, be gradually readjusted with a view to restoring them to conditions prevailing before the Incident (hostilities).

IV. With Reference to Reopening of the Yangtsze :

Japan also hopes that there will be a necessary relaxation in the Japanese military operations in the Yangtsze delta so that the entire Yangtsze River, or a section thereof, may be reopened at an early date. However, under present conditions, it is still difficult to fix a definite date (for the reopening of the river).

V. With Reference to Issue of Travelling Passes for the Nanking-Shanghai Railway and Inspection (of Travellers) at the Metropolitan Railway Station :

In conformity with the principle of respect for the political powers of the new Central Government, (Japan) takes no exception to your honorable views in principle. However, (Japan) hopes that concrete measures for readjustment of the situation will be discussed and agreed upon by the Chinese and Japanese authorities concerned on the basis of requirements for the maintenance of peace and order.

Generalissimo Lashes Wang in Fiery Address to Soldiers and Civilians of China

A scathing denunciation of Wang Ching-wei for selling out his country to the Japanese, as disclosed in the secret agreement between Wang and the Japanese, was delivered last week by Gen. Chiang Kai-shek in a 10,000-word message to China's armed forces and civilians. Asserting that Wang desired "only money, money, money", that he did not care a jot for China's territorial and administrative integrity, and that he only desired to create a safe zone in the Shanghai-Nanking area where he could line his pockets and "complacently lead the life of a puppet," the Generalissimo exhorted his countrymen to bend more energy to the supreme task of prosecuting the war of resisitance against Japan.

"Four hundred and fifty million of my countrymen are resolved to safeguard the Chinese Republic's independence and existence, Gen. Chiang said, "No outside force and no chicanery will in any way bring about our national downfall . . .

"In a nutshell, this secret agreement is more comprehensive and more baneful than the 21 demands served on Yuan Shih-kai in 1915. If this pact, which sells out China, is put into force, China will forever be held in bondage, posterity will forever be enslaved and the Orient and the world will be overwhelmed by cataclysm.

"Nevertheless," Gen. Chiang continued, "Wang Ching-wei, a traitor who is completely without conscience, merrily signed his name on December 30.

"I would like to ask my countrymen: Is this peace or is this selling out the country; is this readjustment of relations or is this pronouncement of the extinction of the nation?, With the execution of the terms of this agreement, will the independence and freedom of China be upheld or completely destroyed?

More Deadly Than 21 Demands

"This enemy-puppet agreement is ten times more deadly than the 21 demands, and the steps employed for subjugating China are even more ruthless than those adopted to conquer Korea.

"The so-called good neighborliness means the amalgamation of Japan and China. The so-called joint defense against Communism means perpetual maintenance of Japanese garrisons in China. The so-called economic rapprochement means economic monopoly."

Concerning Wang Ching-wei, Generalissimo Chiang said: "He doesn't care anything about administrative or territorial integrity. All he cares about is a $40,000,000 loan deposit, Customs revenue and the transfer of consolidated salt taxes. What Wang wants from the enemy is, first money, second money, and third money!

"Aside from money Wang has no other conditions. Aside from this he asks for the reopening of the Nanking to Shanghai sector of the Yangtsze, railway travelling passes from Nanking to Shanghai and gendarmes to search railway stations. He figures that these measures will help to insure his personal safety. He is thinking of the time when he may have to flee for his life from Nanking to Shanghai by either water or rail.

"It may be said that, first, Wang values his life, second, his life, and, third, his life. With money in his pocket and his life secure he may complacently lead the life of a puppet," Gen. Chiang charged.

"Aside from all this, Wang is not bothering with anything else. However, the Japanese have balked at all Wang's demands. The Japanese have insisted that Wang sign an agreement first before turning over the $40,000,000. This has explained why Wang, anxious to get into power, had to sign the December 30 terms in their entirety.

Movement To Sell Out

"The revelation of a secret agreement has proved that Wang's so-called 'Peace Movement' is nothing but a movement designed to sell out the nation.

"Konoye's New Order in East Asia aims at the complete subjugation of China, and if China doesn't resolutely resist and bring about the downfall and annihilation of the enemy militarists, not only China's existence will be jeopardized but the fate of all Powers concerned in the Pacific will also be imperilled.

"This should convince friendly Powers that behind the fawning policy of Japan, vis-a-vis the United States and Russia, her professed intention to 'readjust relations with other Powers' harbors boundless ambitions.

"After signing the treacherous agreement, Wang will do his best to gather all traitors together in the formation of a puppet regime. He may also entertain the preposterous hope of inducing Third Powers to recognize his puppet regime. Even if such recognition is withheld, Wang's government will provoke incidents to force Third Powers to establish contact with his regime.

"The foundation of Wang's so-called local peace will be Japanese-occupied Nanking, from where he will challenge the armed forces and civilians of the nation. The future moves of the enemy will be confined to either putting in the 'Central Regime' and in the meantime marshalling whatever military strength that is left for an intensified offensive, or calling it quits after the 'Central Regime' is inaugurated. Should the Japanese take the former move, the Japanese militarists would have a good pretext to ask for a higher budget and protect themselves against public condemnation.

Enemy Strength Exhausted

"Maybe the enemy realizes that her strength is exhausted and if she transfers her last divisions in Japan to China internal uprisings may break out," Gen. Chiang continued.

"So she may announce the conclusion of the incident as soon as the 'Central Regime' is established. Through such a maneuver the enemy hopes to appease the anti-war sentiment at home and get a breathing spell. Both are dead ends. If they think they can get a breathing spell they're talking out of their heads.

"As long as the Japanese are not totally withdrawn from China, we will not cease fighting. If they dig in, don't you think we will counter-attack? If they plan to consolidate their territorial gains, don't you think we shall seize the opportunity to recover lost ground?

"Taking it for granted that the Japanese send their last five divisions for a renewed offensive, we are fully prepared and are confident of our ability to drive them back. We've tested the strength of all five 'crack' enemy divisions and the Imperial Guards division. We are making the Japanese meet their Waterloo in the South China battlefields without drawing blood."

Philippine Vessel Wrecked Off Japan

Shipwreck cut short the career of the s.s. President Quezon (formerly the American Mail Line s.s. President Madison) on Jan. 27 when the ill-fated ship sank on shoals off Kamewari Island in southern Kyushu, Japan. Four Japanese ships answered distress signals and rescued the vessel's 13 passengers and 98 members of the crew, 70 per cent of whom were Filipinos. Edward J. Walker, a cook, was reported missing.

The President Quezon was bound for her new home port, Manila, from Seattle, Washington, when she hit a shoal off the Japan coast. She was carrying 7,000 tons of cargo. Only a few months ago she was purchased by a Philippine syndicate from the U.S. Maritime Commission after lying idle in Seattle for a long time. It was recalled that she overturned at a Seattle dock in 1934.

Rather ironically, the day before she foundered, the President Quezon had radioed distress signals received from the Norwegian steamer Fuyang, which sank off Hachijojima Island, just south of Tokyo, on Jan. 26. The captain and 24 members of the 3,399-ton Norwegian vessel were rescued by the N.Y.K. ship Eifuku Maru.

H. G. Wells Advocates Bombing of German Cities; Berlin Promises to Drop Ten Bombs for One

AN example of the manner in which many professed pacifists become blood and fire enthusiasts once war has started was afforded last week by the famous English author, H. G. Wells, who contributed an article to the American *Liberty* magazine in which he advocated wholesale aerial bombardment of Berlin and other German cities. This would be a "chastening" experience for the Germans, who insisted on being a nuisance in the world, the writer contended.

Wants to Resign

L'Oeuvre, Paris

Bear: "I don't wish to represent Russia any more."

Mr. Wells was a pacifist before the first World War. But after the opening guns had been fired, he scrambled hastily on to the war chariot of the Anglo-French entente and became one of Britain's leading war propagandists. Wells was believed to be more adept at faking atrocity stories than any other propagandist attached to the British War Office. He was fitted for this task by the many fanciful and fantastic novels which he had turned out in the years of peace. He has returned to his old profession, but rather clumsily, judging by this—one of his first—propaganda efforts in the present war.

Germany was not slow in responding to Wells' humanitarian suggestion. Said the official German news agency on Jan. 26: "Of one thing Mr. Wells and the men behind him may be sure, namely, that any attempt to bomb German towns would be answered by our air force with measures such as the British apostles of hatred have perhaps not yet conceived. For every bomb dropped on Berlin, ten would be dropped on London."

According to a summary of the Wells' article carried by the German *Transocean* agency, the British ex-pacifist declared it was a misfortune for the entire world that Berlin had not been thoroughly bombed in 1918. He also suggested that an international conference be called to decide on the best ways and means of breaking Germany up into a number of smaller states. Answering German replies to his article, Mr. Wells, according to *Reuter*, said that these were "evidence of weakness and a scream of terror." The Germans had bombed Warsaw ruthlessly, he added, and would have done the same to London last September had they dared. "I would rather bomb the Germans than starve them," he declared. "In the end it would be quicker and would leave them perhaps in a healthier state of mind."

The London *Daily Mail* felt constrained to point out that "there is no support for these views in authoritative quarters," adding that "they run counter to the British Government's present policy of conducting the war." Use of the world "present" has a very obvious significance. Aerial frightfulness is something which is still being kept in reserve by both sides to the European conflict, but it may be loosed at any time. Apart from this it may be said that if Mr. Wells had been eye-witness to aerial bombardments in Spain and China, he might have doubts as to their "chastening" effects. Those who survive them are certainly *not* left in a "healthier state of mind." Aerial frightfulness, as all the available evidence goes to show, breeds only hatred and revulsion against the perpetrators.

We have a current case in point. Soviet planes have lately been engaged in bombing the cities and towns of Finland. Far from "chastening" the Finns or reducing their will to resist, it is having precisely the opposite effect. There is no reason to believe that Germans would take more kindly to English or French bombs than the Finns do to bombs stamped with the emblem of the sickle and hammer.

Finnish war communiques continue to assert that Soviet offensives on all fronts are being hurled back, while reports out of Moscow claim slight advances for the Red Army. In an effort to bolster the morale of the Red soldiers, war decorations were distributed with a lavish hand by the Kremlin government last week-end. Nearly one thousand medals and what-nots were handed out. Seven commanders received the title "Hero of the Soviet Union" while the Lenin Order and Golden Star medals were also conferred.

The Soviet-Finnish war is meanwhile assuming an ever wider international character. *United Press* reported from London on Jan. 27 that French volunteer troops will probably occupy Finnish trenches some time this month, while British volunteers will be fighting for Finland by spring. British authorities, the agency said,

Lightning War?

London Evening News

denied that special military missions were en route to Finland, but disclosed that special Finnish requirements were being discussed along normal diplomatic channels.

Time-honored conceptions of neutrality have long since gone by the board, as is shown by an editorial in the London *Times* on Dec. 11. Said this authoritative organ of British official opinion: "If Finland is to be saved, she must be saved now . . . But Russia has not declared war upon Finland—is not on her own showing warring against her now. Everything short of war, therefore, can and must be done by other countries to help Finland—*and the standard of what can be done without*

He Won't Be Happy Till . . . . . .

Auckland (New Zealand) Star

formal war is very different today from what it was a quarter of a century ago." (Italics are ours—Ed.)

Time and Tide, a well-known British publication, stated the British position as regards formal war with Russia in an editorial on Jan. 26: "If the German-Russian coalition tries—as it is doing—to establish itself in northern Scandinavia, and so threaten Allied communications in the North Atlantic, then Britain is bound, in sheer self-defense, to aid the Finns. The British Government is extremely reluctant to become involved in a conflict with Russia, but if Russia fights Germany's battles, as she is doing in Finland, there will be no choice."

In other words, it is not a question of aiding "poor little Finland" for her own sake, but rather a question of the strategic requirements of the Allies. Much of the "poor little Finland" propaganda is arrant hypocrisy, for the diplomatic gentlemen and statesmen, likewise the army of humanitarians which follows in their train, displayed a remarkable complacency when other "poor little countries" were swallowed up. No one thinks of demanding the restoration of "poor little Abyssinia"—that might offend Mussolini, who is looked upon as a prospective ally. Albania?—that little country was forgotten within a couple of weeks of its conquest by Il Duce's Fascist legions. Spain?—who gave a fig for Spanish independence provided Anglo-French interests on the Iberian Peninsula were not assailed? And Austria and Czechoslovakia?—London and Paris were busy appeasing Hitler then. Nor have the Anglo-French allies cared much about China's independence, so long as Japan left British and French interests alone. Only a few short months ago, the Sanjak of Alexandretta, a Syrian province, was ceded by France to Turkey without even as little as a "by your leave." The gentlemen in Paris and London wanted an alliance with Turkey. To get it, they traded away thousands of Syrians—just like that! One cannot escape the conclusion that many of the tears now being shed over "poor little Finland" are just crocodile tears.

The threat of a spread of the war to the other countries of Scandinavia is still, apparently, very real. *Reuter* reported from London on Jan. 27 that both the Swedish and Norwegian governments were rushing measures to cope with a possible war emergency, including preparations to evacuate civilians from danger zones.

That the British Government is not contemplating an early break with Soviet Russia was indicated on Jan. 30 by an announcement in London that Sir William Seeds, British Ambassador to Moscow, will return to his post some time this month. When he departed from the Soviet capital on leave at the beginning of the year, it was freely rumored that he would not return and that the post would be left vacant.

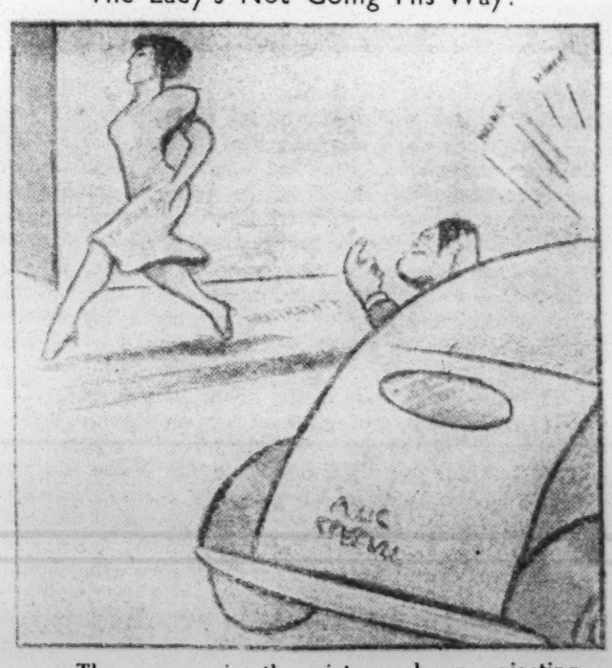
According to a *Transocean* report from Berlin on Jan. 28, large-scale goods exchanges between Germany and Russia have now commenced following the conclusion of an agreement between the communications ministries of the two countries. Nine frontier crossings have been designated and a special tariff agreed upon for such urgent exchanges as grain, mineral oils, paraffin, iron and steel goods, hemp and flax yarns, iron ore and manganese.

The correspondent of the Italian newspaper *Giornale d'Italia* in Kaunas, Lithuania, reported on Jan. 27 that mass arrests had been made in the Ukraine in connection with the uncovering of a plot against Dictator Stalin, Molotov, his Foreign Commissar, and other high Soviet officials. Among those arrested were 150 high officials, the correspondent asserted.

A conference of the Balkan states was scheduled to meet in Belgrade on Feb. 2. States to be represented are Greece, Turkey, Rumania and Yugoslavia, but no mention was made of Bulgaria. The Soviet press charges that British and French diplomats are actively intriguing in the Balkans (as well as in the Near East, Scandinavia, and in Holland and Balgium) with a view to drawing those countries into the war on the Allied side.

Winston Churchill, British First Lord of the Admiralty made another speech on Jan. 27, this time at Manchester. Nazi Germany, he said, had already revealed itself weaker than the Germany of 1914 ruled by

The Lady's Not Going His Way!



The woman in the picture shown rejecting Mussolini's invitation to "take a ride" was labeled Yugoslavia. The cartoon appeared in the *Washington Post*.

the Kaiser (who celebrated his 81st birthday at Doorn on the same day) and asserted that the strength of the Reich was below that of the Allies. Britain, he declared, did not intend to wait indefinitely for the enemy to attack, adding: "We hope the day will come when this job will be transferred to Hitler—when he will be wondering when he is going to be struck next."

Emphasizing the need to lower the living standards of Britons, Mr. Churchill said that "everyone can serve in one way or another by simplifying his requirements," adding that the Government does not resent well-meant criticism from any man who means to win the war."

According to the London correspondent of the Rome newspaper, *Gazeta del Popolo*, troops were called in to maintain order among Mr. Churchill's audience. The meeting, the correspondent said, was constantly interrupted by cries of "We want peace!" and "Stop the war!" and Mr. Churchill "completely lost his composure."

A commentary on the subject of living standards in England was forthcoming on Jan. 24 from the *New Statesman and Nation*, a London weekly, which according to *Transocean* demanded that every British workman should be assured at least of "iron rations." These rations, the paper said, were imperilled, with the result that underfeeding of the masses might become a more dangerous enemy than Germany. Charging failure of evacuation measures and breakdown in the medical and educational systems, the journal was said to have opined that a government which considered neglect of youth and the unemployed as a suitable means for effecting wartime economies was hardly suited for the role of champion of the democratic cause.

Both Britain and the United States have declined to recognize the 300-mile neutrality zone around the American continent which was proclaimed by the Pan-American Conference. France, following the lead of Britain, was reported last week to have replied to the Pan-American note, stating that the French Government was not prepared to renounce its rights as a belligerent in the zone established at the Panama Conference.

Despite the blunt refusal of the Allies to respect the wishes of the American republics, including the United States, the New World continues to be an arsenal for the Allied Powers. A *Reuter* report from New York on Jan. 27 said that the British Purchasing Commission was expected to announce shortly the placing of a new order for war planes to the value of £19,000,000 with the American Lockheed Corporation. The craft would be supplied without engines or propellers, the report stated.

The State Department in Washington announced last week that export licenses for arms, ammunition and other implements of war in 1939 totalled $204,500,000, or two and one-half times greater than the 1938 figure. Great Britain and France accounted for most of the licenses and actual supplies shipped, with war planes constituting the bulk of both categories.

The New York *Herald-Tribune*, on Jan. 26, asserted that the practise of the British Government in taking delivery of planes built at the Lockheed plant in Burbank, California—whence they are flown by British aviators to Botwood, Newfoundland and from there to England—constituted a double violation of American neutrality. First, the paper said, it violates the Neutrality Act which prohibits citizens of belligerent states from flying war planes over United States' territory, while secondly it violates the transfer clause of the Act which bans the flight of war planes across the Canadian frontier for delivery to a belligerent power.

The French Government has dissolved, by decree, 247 trade unions since the war began, the Geneva press reported last week, according to *Transocean*. The latest unions to be dissolved are the glass workers' and metal workers' organizations—all on the pretext that they were connected with the Communists—the German agency said.

The motion introduced in the South African Parliament by General J. B. M. Hertzog, former premier and now leader of the Opposition, stating that the time had come for the South African Union to end the war against Germany and for peace to be restored, was defeated on Jan. 26 by 81 votes to 59, *Reuter* reported. No comment has been made on the fact that such a large minority favors ending the war.

Shanghai Workers Battle for More Wages to Keep Alive

DURING recent weeks there has been a marked revival of labor trouble in Shanghai. Large-scale industrial plants, department stores and smaller enterprises have been involved one after the other. Both Chinese and foreign establishments have been affected by strikes, which, however, have usually been of short duration and ended with the workers winning slight concessions.

It has been apparent that the constantly soaring cost of living is responsible for the unrest. While industrial plants, in particular, have been making phenomenal profits due to the tremendous demand for native products, the workers whose labor goes into their manufacture have never been worse off.

In some quarters attempts have been made to represent working-class unrest as the result of activities of Japanese-paid agitators intent on injuring trade and industrial competitors of Japanese interests in the local field. How false and feeble this is, and how poignantly genuine are the grievances of Chinese workers in Shanghai, is shown more than amply in the annual report of the Industrial Section of the Shanghai Municipal Council. With living costs twice as high as the pre-hostilities level, with the purchasing power of the Chinese dollar cut by more than one-half, and with actual earnings raised by less than 20 per cent, real wages paid to the bulk of local industrial workers have dropped to less than 60 per cent of the 1936 level, the report shows.

"It is apparent," the report asserts, "that the increase in wages is anything but commensurate with the rise in the cost of living." This straight, unequivocal assertion of a fact is very much to the point. In desperate efforts to lessen the yawning gap between their earnings and the cost of living—a gap that grows constantly wider—the Chinese workers are resorting to strike action. In law they have no remedy, and their employers, reaping the juiciest profits from their labor, have shown little inclination toward generosity. As a rule, they increase wages only when strike action forces them to do so in order to keep the profit mill running—and then the increases are usually niggardly and inadequate.

The Industrial Section report also shows the enormous extent of the industrial development which has taken place in Shanghai during the past year. By Dec. 31, to mention only a few examples, there were 40 large cotton textile mills in operation, while developments were recorded in the manufacture of industrial chemicals. This was also the case with cosmetics and soaps, tooth paste and similar consumption products. Tobacco, an industry which suffered severely in the 1937 hostilities, also saw some revival. Two new plants were built in the Western District and a third was planned.

Shanghai is getting back to its position as a great industrial center. Industry as a whole is enjoying an unexampled prosperity. But the workers of Shanghai, far from deriving any benefit from the boom, are having to tighten their belts as they have never tightened them before. Let those who can derive satisfaction from this anomalous state of affairs.

Sassoon Interests To Open Branch Office in New York

The Sassoon interests, largest owners of real estate in the Shanghai foreign settlements, controllers of the street-car and bus lines and also investors in various industrial establishments, will shortly open an office in New York, according to report in Shanghai this week. Whether the company, or companies, will also form a subsidiary organization under American law was not stated. Sir Victor Sassoon, head of the Sassoon interests, is now en route to the United States, being a passenger aboard the President Coolidge scheduled to arrive in San Francisco shortly. This is his second trip to the United States in recent months.

U.S.-Japan Trade on 24-Hour Basis After Six Months' Probation Failure

JOHNSON SAID IMPERILLED

Japanese Army and Navy authorities were taking extraordinary precautions to assure the safety of Mr. Nelson T. Johnson, American Ambassador to China, during his trip to Hankow aboard the U.S.S. Luzon, a Japanese military spokesman in Shanghai announced on the evening of Jan. 25. These precautions were being taken, the spokesman said, because of "receipt of intelligence that Chinese were planning an attempt on the envoy's life." Chungking was plotting to attack the Ambassador—in such a way that Chinese propaganda organs could immediately blame it on the Japanese—in an effort to cause a crisis in Japanese-American relations, and mines or artillery might be used, the spokesman said.

The announcement of the Japanese authorities was branded in Chungking as "fantastic" while the Chinese Foreign Office expressed the hope that the "irresponsible words" of the Japanese spokesmen would not be followed by "irresponsible acts." The U.S.S. Luzon, with Ambassador Johnson on board, arrived safely in Hankow on the morning of Jan. 29.

SINCE the United States Government declined to negotiate a new trade agreement with Japan to replace the 1911 Treaty of Commerce and Navigation which expired on Jan 26, commercial relations between the two countries have gone on to a 24-hour, day-to-day basis. An announcement to this effect was made by a Foreign Office spokesman in Tokyo as the 29-year-old treaty expired late last week, according to a *Domei* report.

The spokesman pointed out that Washington had given oral assurances that there would be no discrimination against Japanese goods and residents in the United States, but since these assurances were not in black and white, he said, they were not binding. He added the interesting information that the Japanese Foreign Office had come in for many verbal attacks in connection with the lapse of the Treaty. Some persons, he said, termed the Foreign Office a "good-for-nothing" while others denounced it for "doing nothing and losing face."

A Record of Six Months

Two days before the Treaty expired, the Washington bureau of *United Press* issued a lengthy report on the fate of American nationals and their interests in China during the six months' period between the abrogation and lapse of the Treaty, showing that abrogation of the Treaty had failed to produce any perceptible change in the Japanese attitude which had led the Washington government to denounce the pact.

During the six months' period, it was shown, Japanese restrictions on American trade actually increased while there have been 24 known instances in which Japanese planes bombed American missions. The missions flew American flags, and the location of each was communicated to the Japanese in advance on specially prepared consular maps.

This mission bombing figure is believed to be incomplete because American consular officials have not in the past released news of all such incidents. During the same period, Americans physically assaulted by armed Japanese or Japanese-controlled Chinese numbered at least eight, of whom four were women.

These figures approximate the average number of such incidents for any other six-month period since the outbreak of the Sino-Japanese war. Approximately 150 American missions are believed to have been bombed during the 30-month-old war.

Although a full-fledged anti-American movement has not developed thus far in the Sino-Japanese war, the nearest approach to it came in the months following the abrogation of the treaty. During this time a number of American missionaries were forced to evacuate their posts, particularly in North China, in the face of threats made coincident with anti-American and anti-British demonstrations.

While some Japanese officials, particularly members of the diplomatic and naval branches, voiced a more conciliatory attitude toward America after the abrogation of the treaty, Japanese army men on the spot—upon whom the Tokyo Government says relaxation of restrictions against Americans in China must depend—have stiffened their stand. They blame the United States for bolstering Anglo-French obstructionism to the "New Order in East Asia" through abrogation of the trade treaty.

Attitude Shown

This attitude was particularly evident in the case of Lieut.-General Masaharu Homma, Garrison Commander at Tientsin, where the restrictions against American trade have increased since the abrogation of the treaty, according to official American reports.

Early in August the Japanese army spokesman at Peiping made the first clear statement regarding Japan's attitude. He said that an anti-American campaign "might not be impossible—none would have thought a few years ago that Britain and Japan would come to the present situation."

Restrictions Tightened

Immediately following the disastrous Tientsin floods, which disrupted the Japanese blockade of the British and French concessions, the Japanese tightened the restrictions, and Americans who previously enjoyed exemptions, found these in many ways withdrawn.

In a statement issued October 31, Lieut.-General Homma blamed the United States for the prolongation of the blockade, claiming this was due to the treaty abrogation. In December Homma publicly warned the American Chamber of Commerce that if it recommended that Washington fail to renew the treaty, "Japanese military authorities will be unable to favor Americans at Tientsin."

Numerous incidents took place after that, including officially reported instances in which Americans were forced to have their shoes sprayed with Japanese disinfectant at the concession barriers. Truckloads of American coal were unloaded and the owners were forced to count the number of pieces before admittance was granted. An American rug manufacturer was forced to unload and unroll a truckload of expensive rugs on the street "for inspection."

New Pressure Felt

Americans in the interior also felt the new pressure. On August 5, a Chinese anti-foreign mob wrecked the American Reformed Church mission at Yochow, Hunan, without Japanese forces making an attempt to interfere. On August 8, the Japanese "requested" an American missionary, Ralph Scoville, and his wife to evacuate the China Inland Mission at Hwohsien, Shansi.

Plot on Life Alleged

U. S. Ambassador Nelson T. Johnson

The Peiping Anti-British Committee on August 18 decided to "request foreign nationals other than British residing in the hinterland to support the Japanese-controlled regime under pain of expulsion from China."

The Japanese army spokesman at Peiping, on August 21, and said the Japanese army was "unable to assume responsibility for the lives of Britons and Americans in the occupied areas." He said the army was responsible for maintaining peace and order only to the extent necessary for military operations.

On August 23, Dr. E. Warren Knight, his wife and children, arrived in Peiping from Linfeng, Shansi, and said that Japanese had forced them to evacuate after they had occupied the China Mission hospital. Dr. Knight said the Japanese looted the hospital of medicines and personal property, and later converted it into a military headquarters.

Japanese officials on October 21 permitted a Chinese mob at Chenliu, Honan, to invade the American Methodist Mission where they tore down American flags and hoisted banners declaring, "Down with the Old Foreign Devils." They forced all of the Americans except Miss Minnie Peterson of Seattle to evacuate the mission. After Miss Peterson evacuated the mission, the Chinese posted a reward of 100 Chinese dollars for her head.

Radio Office Raided

Six armed Japanese on September 28 raided the offices in the Tientsin British Concession of the American Radio Service which was transmitting messages for the American Chamber of Commerce. They threatened an American, W. A. B. Nichols, with a revolver. Later, the Japanese raided the United Press office in the same building, ransacked the files and slapped the face of a Chinese clerk.

The center of the anti-foreign movement, however, was at Kaifeng, where the majority of Americans, as well as other missionaries were forced to evacuate after the Japanese-controlled officials refused to accept a Japanese adviser. Officials also attempted to force the Americans to sell the mission property at prices which mission officials considered confiscatory.

On November 29, the anti-British committee at Chengli, Honan, was reported to have been renamed the "Anti-American Association" and began distributing anti-American pamphlets and decorating the city walls with anti-American posters.

The Tientsin Situation

Under-Secretary of State Sumner Welles and the United States Ambassador to China, Mr. Nelson T. Johnson, recently centered American attention on the trade situation at Tientsin, the bottle-neck for North China imports and exports, where American trade, according to official statistics, has been virtually paralyzed by various Japanese innovations. These innovations are:

1. Import and export control.
2. Introduction of a new currency bearing a false and arbitrary exchange rate.
3. A system limiting the availability of foreign exchange.
4. Blockade of the Anglo-French concessions by which the Japanese are delaying movement of American goods, refusing an adequate number of passes for Chinese employees of American companies and preventing the procurement of adequate vital materials such as coal for the operation of factories although the coal supplies outside the concessions are adequate for all needs.

Lieut.-General Masaharu Homma, garrison commander at Tientsin, gave the most decisive indication of the Japanese attitude when he warned that Americans would not receive favorable treatment in the future if the treaty abrogation is carried out.

This attitude was further clarified on Dec. 27 when Homma's official spokesman at Tientsin issued a statement declaring that passive neutrality and cessation of assistance to Generalissimo Chiang Kai-shek by Third Powers would not be sufficient to lift the Tientsin blockade. He said the minimum Japanese terms were "active cooperation in establishing the New Order."

Authoritative quarters interpreted this statement as a demand for credits and loans without any active or direct Third-Power participation in the development of China. This would be similar to the situation prevailing in Manchukuo.

Although the Japanese promised to reopen the Yangtsze as far as Nanking on a strictly limited basis in the near future, authoritative quarters point out that thus far there have been no assurances of relaxation of North China restrictions.

Confers with Chamber

Ambassador Johnson emphasized the importance the United States attaches to the Tientsin situation when on Dec. 15 he visited Tientsin and conferred with officials of the Chamber of Commerce for two hours.

A week later, the Chamber presented Lieut.-General Homma with a resolution requesting that passage of American cargo into the concessions be facilitated; second, that Chinese employees of American companies be passed, and third, that Americans be passed without being submitted to search.

The resolution refuted Homma's earlier statement in which he accused the Chamber of interfering with establishment of the "New Order in East Asia."

The resolution said the Chamber's sole objective was to facilitate American trade, and that there were no political motives behind its activities. It also contradicted Homma's earlier announcement claiming that 200 passes had been issued to Americans.

Admiral Thomas C. Hart, Commander of the Asiatic fleet, also attracted attention to the Tientsin situation late in 1939, when, upon arriving in Manila, he characterized the Tientsin situation as "aggravating."

Eight Missions Bombed

Within a month after the abrogation of the Japanese-American treaty of 1911, at least eight American missions were bombed while several Americans were involved in incidents with armed Japanese.

The most serious of these took place on August 15 at Tientsin where 59-year-old Mrs. Frances Mary Richard of San Francisco was slapped in the face by a Japanese sentry on the grounds that she used a pass issued by the Japanese Consul "too often." Japanese consular officials admitted there was no limit to the number of times the pass might be used.

The Japanese Government and some groups of Japanese officials in China, it is believed, have made efforts to improve Japanese-American relations since last July 26, but nothing concrete has been done to restore America's basic position in China, particularly in the North China market.

Question of Indemnity

Although Japan has been offering indemnity payments to numerous individual American claimants, authoritative quarters point out that this does not solve the basic question of Japanese restrictions on American trade. Indemnified Americans in most cases find it impossible to resume their normal activities even though they have the funds with which to repair and rebuild the damaged properties. In other words, individual indemnity settlements do not represent any basic change in Japan's policy of restricting the activity of American nationals.

Yangtsze Reopening

In December, Japan announced plans to reopen the Yangtsze River as far as Nanking on a limited basis, but here again authoritative quarters fail to see any fundamental settlement since Third-Power trade would still be subject to Japanese regulations. Japanese officials have been vague as to details of future restrictions, but the general principles outlined thus far lead informed circles to conclude that the reopening of the river definitely does not represent the restoration of the "Open Door" even in this small area, the *United Press* report concluded.

Lunar New Year Only A Few Days Distant

With the lunar New Year just a few days off, Chinese business establishments, especially the native banks, are busily preparing for the Settlement Day, which this year will fall on February 7.

Particularly busy are the shroffs engaged by these establishments. They are already dashing from house to house in an effort to complete their collections. Commercial circles predicted that this year would be one of the busiest years ever encountered by shroffs, since during the past year, particularly the last few months, in the Settlement and Concession business was reported to have reached a near record high.

Retailing trades of all lines, reportedly due to the huge influx of well-to-do refugees still living in Shanghai, were said to have carried on a flourishing business, and in sympathy with it, wholesaling also enjoyed unusual prosperity.

The business of the native banks, which was said to have nearly hit the bottom following the outbreak of the Shanghai war in 1937, rose to an unprecedented height during the past six months. The total number of these banks now here is believed to have exceeded 500.

Chinese Stage Fierce Counter-Attack In Attempt to Recapture Siaoshan

JAPAN'S MONKEY TROOPS SAID ACTIVE AGAIN

The bewhiskered but still incredible story that the Japanese Army is using "monkey troops" in the China war was revived again in a United Press report from Chungking on Jan. 30, quoting Chinese military dispatches as saying that the Japanese garrison at Nanchang, in Kiangsi province, had recently received about 500 specially trained monkeys from Japan and that the animals were being sent nightly to various fighting zones for the purpose of discovering the whereabouts of Chinese troops. The reports said that more than 100 such monkeys were killed in two days by Chinese sharpshooters on the banks of the Kan and Fu Rivers, which meet southwest of Nanchang. United Press credited Chungking military experts with the statement that "monkeys are used during wartime because of the high sensitivity of the monkey's nose in detecting poison gas."

EASTERN Chekiang, in the region of Hangchow, was a scene of heavy fighting between Japanese and Chinese troops this week. Chinese forces, recovering the initiative which they lost when the troops of Nippon made an unheralded crossing of the Chientang River on Jan. 22, are reportedly engaged in a counter-attack whose immediate objective is Siaoshan, on the south bank of the river opposite Hangchow and the first town captured by the Japanese in their new drive. According to a *United Press* report from Chungking on Jan. 30, it was expected that the Japanese hold on the southern shore of the Chientang River would "soon collapse" under Chinese pressure.

Chinese visitors arriving in Shanghai from Hangchow early this week declared that gunfire, testifying to the severity of the fighting, could be heard in Hangchow nightly. They also said that the bodies of Japanese soldiers killed in action were being brought into Hangchow, the number up to Jan. 30 being estimated at about 5,000.

Guerrillas Destroy Bridge

According to a *United Press* report from Chungking on Jan. 29, Chinese guerrillas destroyed a bridge which the Japanese had hastily flung across the Chientang River to provide communication between the Japanese positions in Siaoshan and the Japanese base at Hangchow. The Japanese Army had conscripted 2,000 Chinese laborers to effect repairs, the report said.

A *Domei* report from Tokyo on Jan. 24 declared that the Japanese forces had continued their advance south after taking Siaoshan and had occupied Linpuchen, eight kilometers south of that city. Kanshan, situated in the famous wine-producing area of Shaoshing, was occupied by Japanese forces on Jan. 24. Situated east of Siaoshan, Kanshan, together with the adjoining village of Yuanshe, is engaged in producing rice wine, almost every house containing huge earthenware jars in which the heady, brown "Shaoshing" is stored.

Two thousand Chinese inhabitants had returned to their homes in Siaoshan by Jan. 24, *Domei* reported. Ting Ming-jen, the former magistrate, was installed by the Japanese as chairman of a "Peace Preservation Committee" and a "Civilian Self-Defense Corps" was formed, while over the town hovered a balloon bearing the streamer: "Those who resist will die, but those who surrender will live."

In a statement issued in Hangchow on Jan. 24, Japanese Army authorities announced that their offensive south of the Chientang River had been halted after attaining its objective "in order to afford time for the Chinese to reflect on the foolhardiness of strife and to realize the urgent need of establishing a new order in East Asia by ensuring cooperation between Japan and China."

Chinese Counter-Attack

Apparently not desiring to recognize their "foolhardiness," Chinese troops responded very shortly with a counter-attack intended to drive the Japanese from Siaoshan, and, as stated above, fierce fighting is going on for possession of the city. A *Kuo Min* dispatch from Kinhua, provisional Chekiang capital, stated on Jan. 28 that Chinese troops staged violent assaults on Japanese positions in Siaoshan and succeeded the previous day in forcing their way into the city three times.

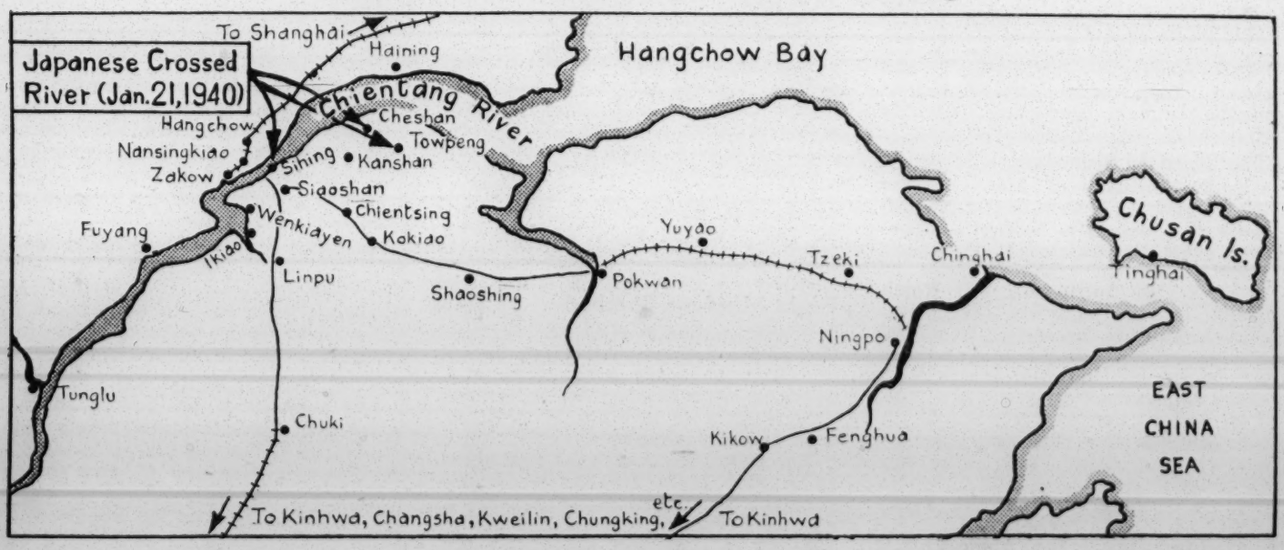
A Chinese dispatch on Jan. 30 claimed that Chinese counter-thrusts had forced all Japanese troops to retire to ~~Shaoshan from~~ surrounding districts and that the latter had been entirely cleared of the invaders.

The aerial arm of the Japanese forces has not been particularly active in the Chekiang campaign, judging by Chinese reports on the subject. Japanese planes passed over Ningpo, important coastal port, on Jan. 27, bound for a bombing raid on Chenhsien in eastern Chekiang, where 25 bombs were dropped. More than 20 persons were killed and 167 civilian houses wrecked, according to *Kuo Min.*

Capital in Flight

A flight of capital from east Chekiang to Shanghai as a result of the latest campaign was reported by the *Central China Daily News* on Jan. 30. More than ~~$2,000,000~~ had been remitted to Shanghai from that area within a three-day period, it was stated. Native banks in Shanghai, the same paper said, had extended credits amounting to $7,000,000 to persons and firms in eastern Chekiang. In view of the Japanese military activities and the approach of the Lunar New Year settlement

Scene of New Campaigning in Eastern Chekiang



Review map by P. C. Chen

day, they had sent special representatives to the district to collect their money, it was stated.

According to a report in the *China Evening News* on Jan. 24, the Japanese have coordinated their attack on east Chekiang with a general offensive against Chinese positions in northern Kiangsu, where 50,000 Japanese troops were said to have been massed in an attempt to eliminate the authority of the Kiangsu Provincial Government.

The Japanese aim in both campaigns, apart from purely military considerations, was to obtain increased supplies of rice and salt and to secure additional revenues for the maintenance of their armies in China, the paper said. Another view was taken by the *Hwa Pao* on Jan. 26, which asserted that the purpose of Japan's attack in eastern Chekiang was to move farther south and cut the Chekiang-Kiangsi Railway.

That Japan may see a possibility of getting some revenue from occupying additional territory in Chekiang can be seen from the fact that the 1939 budget expenditure of that large portion of the province which is part of "Free China" amounted to $42,000,000. Of this sum, 14,000,000, or one-third, went to the maintenance of the Chinese military establishment, $9,000,000 was used to liquidate provincial debts, $11,000,000 went to the departments of civil government and $2,000,000 to the *hsien* governments.

Fighting in Kwangsi

Reports from the Kwangsi front indicate that fierce fighting is still going on in the vicinity of Nanning. A *Domei* report said that under cover of an intensive artillery barrage Japanese troops launched a vigorous offensive against 20 Chinese divisions in the mountains between Pingyang and the famous Kulunkwan (pass) northeast of Nanning, on Jan. 28. Chinese troops, including some of Gen. Chiang Kai-shek's "own" divisions, offered stubborn resistance from positions in the hills, the report stated, and made desperate efforts to smash the Japanese offensive and drive on to Nanning. Wave after wave of Chinese infantry was sent against the Japanese positions, but each attack was repulsed as enfilading fire cut down the attackers, the report asserted, adding that the Chinese left thousands of dead on the battlefield.

While heavy snowstorms are said to have halted fighting in northern Hunan, campaigning of an indecisive character is still reported to be proceeding in northern Hupeh. Southern Suiyuan is another field of operations. According to Japanese and Chinese reports, Japanese troops resumed their westward drive in Suiyuan on Monday of this week. Japanese claimed that more than 25,000 Chinese troops under Gens. Fu Tso-yi and Ma Chan-shan were in retreat across the Ordos plains.

'Bloody Feuds' in Shansi

According to a *Domei* report from Nanking on Jan. 25, friction between Kuomintang and Communist troops is developing into "bloody feuds" in all parts of Shansi and Shantung provinces. The same agency reported from Taiyuan, Shansi capital, on the same day, that a company commander of the Chinese army in Shansi had proposed a truce with a Japanese detachment at Shunguang, western Shansi, "so that his forces could devote all efforts to fighting (Chinese) Communist troops." The proposal was made Jan. 12 by Captain Lung Chieh, commander of the 46th Company of the 430th Regiment of the Shansi 19th Army under Gen. Meng Hsien-chi, the agency said, adding that Captain Lung had asked Japanese forces to loan him three Rising Sun flags—for what purpose, was not stated. Nor did the Japanese agency report the Japanese answer to the suggested truce.

Parcel Post Rates Raised by 100 Per Cent

Discriminatory action favoring Japan in the matter of parcel post rates was revealed by the Shanghai postal commissioner, A. M. Chapelain, on Jan. 30 in an announcement that from Feb. 1 the postal tariff on outgoing parcels, with the exception of parcels addressed to Japan, Korea, the Leased Territory of Kwantung and Taiwan (Formosa), would be further increased by 100 per cent.

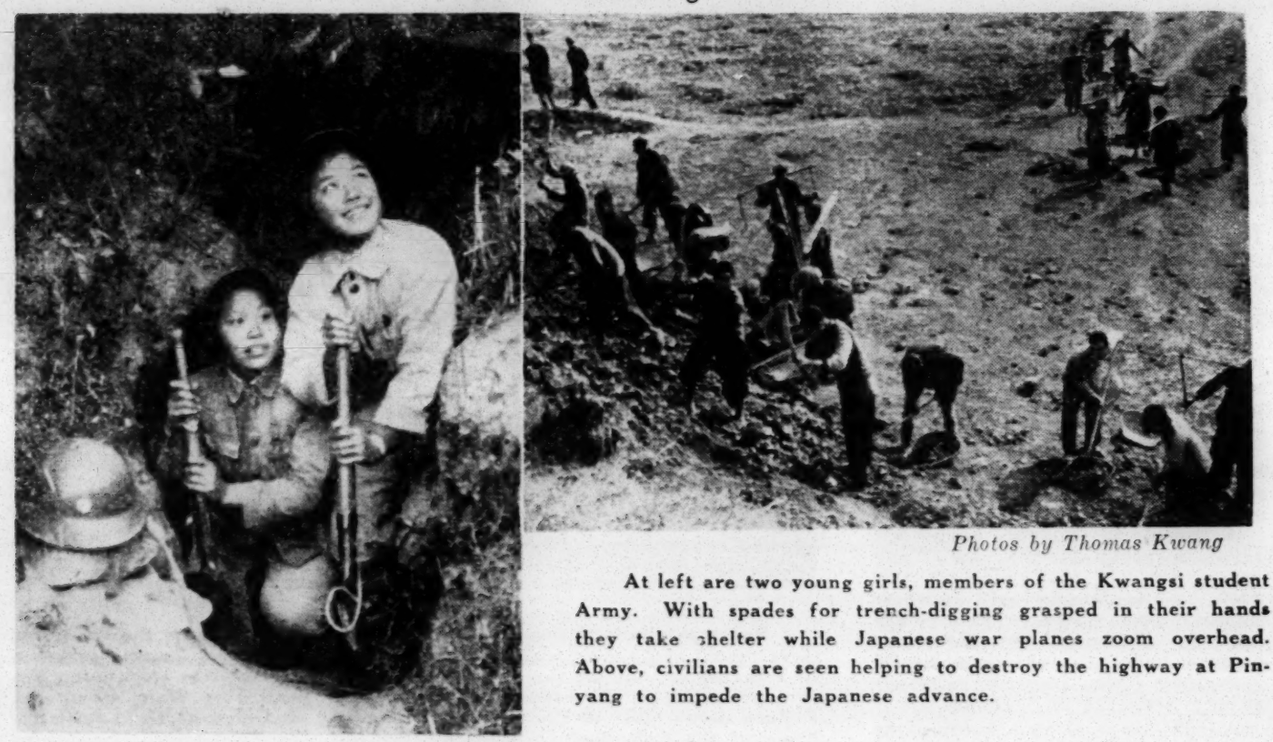
Four Killed, Eighty Hurt in Rangoon Riot

One person was killed, three fatally injured and eighty others sustained lighter injuries in Rangoon, capital of Burma, during a Hindu-Moslem riot on Jan. 27, according to a *Reuter* report. Sixty-one arrests were made. The Commissioner of Police announced the following day that "only hooligan elements" were involved and warned the public against rumors that trouble had spread to other communities.

Friends of Finland Fund Tops the $15,000 Mark

Further contributions amounting to £2 and Ch.$2,080 had brought the Friends of Finland Fund by Jan. 29 to totals of £36.10.0d., U.S.$110 and Ch.$15,733.47, the Finnish Legation in Shanghai announced. Donations to the Finnish Red Cross, by the same date, totalled 50 Swedish Kronen and Ch.$7,416.

Scenes on the Kwangsi War Front



Photos by Thomas Kwang

At left are two young girls, members of the Kwangsi student Army. With spades for trench-digging grasped in their hands they take shelter while Japanese war planes zoom overhead. Above, civilians are seen helping to destroy the highway at Pinyang to impede the Japanese advance.

Tsingtao Conference Fails to Advance Plans of Wang Ching-wei for New Central Government

DESPITE the extravagant claims made by Japanese and Wang Ching-wei sources, the puppet conference held at Tsingtao last week was by no means a success for Wang. The optimism evinced by Wang and his cohorts over the results of the parley is in fact nothing but self-deception, for the meeting has failed either to enhance Wang's prestige as a puppet or to advance his plans for the establishment of his new regime. Wang's path to puppet glory appears to be strewn with further difficulties which remain to be overcome.

Except for lip-service support, Wang's meeting with his two puppet seniors, Wang Keh-min of Peiping and Liang Hung-chih of Nanking, resulted in nothing concrete. More official red-tape, it appears, has to be gone through and further parleys have to be held before Wang's "Central Government" can be expected to emerge.

Japanese Equivocal

Meanwhile, the attitude of the Japanese toward Wang and his projected regime is by no means certain. It will not be surprising if Wang encounters further difficulties from the Japanese, particularly the military elements, who may see fit to impose additional demands on him as price for his puppet chieftainship. This possibility seems to have been indicated by a special session of the Asia Development Board, Japan's supreme organ in China affairs, held last week to discuss anew the Japanese policy towards the Wang government. In the middle of this week, a conference of Japanese embassy and consular officials was held in Shanghai for the same purpose under the chairmanship of Sotomatsu Kato, Japanese minister-at-large stationed in Shanghai.

Wang Ching-wei was described as a loser at the Tsingtao meet by a special Peiping dispatch to *The China Press* published on Tuesday of this week. The North China delegation to the meeting, headed by Wang Keh-min and Gen. Seiichi Kita, the message said, was victorious all round except on one score, its name. The "Provisional Government" will be renamed a political commission, but the Japanese control will go on as before.

Mongolian Status Retained

Li Shou-hsin and Gen. Sakai Takashi, who represented the puppet Mongolian administration at the Tsingtao meet, were said to have also done well for themselves. Inner Mongolia's status will remain the same.

Only Wang Ching-wei lost. But, of course, *The China Press* dispatch explained, Wang had no Japanese general for a team-mate. Wang can now take over the Nanking "Reformed Government" if he wishes. The Tsingtao conference gave him nothing else.

The chances of Wang Ching-wei ultimately getting any power in North China or Inner Mongolia are too long to quote, the Peiping dispatch further stated. There seems to be quite a difference of opinion between the Japanese generals in North China and Inner Mongolia and the Japanese authorities in Tokyo concerning the value of Wang Ching-wei and his proposed "Central Government."

Wang Ching-wei remained in Tsingtao for one week, returning to Shanghai on Jan. 27 by air. His conference with Wang Keh-min and Liang Hung-chih lasted three days, Jan. 24 to Jan. 26. The only result reached appeared to be some vague agreement on the principles for the formation of a Central Political Council, which, if and when established, will form the nucleus of the proposed regime. The Council is expected to be organized at another meeting of the leading puppets to be held in Shanghai or Nanking some time this month. Probably headed by Wang Keh-min, it will be composed of members of the "Orthodox" Kuomintang, the Peiping and Nanking regimes, and the Mongolian autonomous administration.

Puppet Leaders Foregather at Tsingtao

Press Union photo

Representatives of the rump or "Orthodox" Kuomintang, the Reformed Government at Nanking and the Provisional Government at Peiping gathered in Tsingtao on Jan. 24 for a three-day conference called to work out plans for a new Central Government of China to be headed by Wang Ching-wei. Picture shows (left to right): Wen Tsung-yao, chairman of the Legislative Yuan of the Reformed Government; General Chi Hsieh-yuan, Minister of Public Security of the Provisional Government; Liang Hung-chih, chairman of the Executive Yuan of the Reformed Government; Chu Shen, Minister of Justice of the Provisional Government; Wang Keh-min, head of the Provisional Government; and Wang Ching-wei, chairman of the C.E.C. of the "Orthodox" Kuomintang.

Basic Principles Agreed

The puppets were said to have also agreed on the basic principles of the new regime, which, according to *Domei*, should be: anti-Communism, cooperation with Japan, and promotion of peace with Japan. The name of the National Government is to be retained for the new regime, with its "capital" at Nanking. The Kuomintang flag is to remain as the "national flag."

With his safety assured by armed Japanese protection, Wang was unusually eloquent during his visit in Tsingtao. He made numerous statements outlining the internal and external policies of his planned government. Of particular interest to foreigners was a press interview given by him on Jan. 27, referring to foreign loans to China.

After asserting that the new "Government" will claim to represent the whole of China. Wang said that it would generally recognize foreign loans unless "illegally" contracted by the Chungking Government since the outbreak of hostilities. His "Government," Wang added, would examine all loans, including those made to the Peiping and Nanking administrations, and would "co-ordinate" them.

Treaties with foreign countries and laws promulgated by the Chungking Government and the Peiping and Nanking regimes would also be given careful attention by the new "Central Government" after its establishment, Wang further stated.

Would Outlaw Chungking

Wang warned: "We expect the Chungking Government to accept our principles; if they do not they will be outlawed." Concerning differences regarding the status of the occupied

areas after the formation of the new regime, Wang said: "If Chungking continues to resist, how can we ask Japan to withdraw her troops?" Typical of his attitude as a puppet and traitor, Wang blamed Chungking's "obstinacy" for the presence of Japanese troops in China.

In a statement on the "legal status" of the his planned central regime, Wang outlined two methods for the establishment of what he termed as a unified central administration. The first method, he said, was to completely discard the old system and create a new one in its stead. The second method, according to Wang, was to amend slightly the the existing form of government and retain the pattern of its organization. Wang explained that while the adoption of the first method was not impossible, it was, however, unnecessary. He then stressed his preference for the second method, namely, modification of the existing system, with the abolition of one-party rule which, Wang said, has characterized the Chungking Government. To achieve this end, Wang further stated, his "Central Political Council," unlike the one at Chungking which restricts its membership to members of the Kuomintang, would include not only members of the Kuomintang but those of "all properly-constituted parties as well as enlightened citizens."

Quotes Sun Address

A reference was made to Dr. Sun Yat-sen by Wang when he again invoked the late Leader's name in an attempt to justify his treacherous movement. Quoting an alleged address made by Dr. Sun some 26 years ago to the effect that "If there were countries with which China should cooperate they should be firstly, Japan, and secondly the United States," Wang asserted that in the light of that address, "the eternal and unchangeable policy of the Kuomintang should be Chinese-Japanese cooperation." "To me," Wang claimed, "has been handed down the duty of carrying out Dr. Sun's convictions."

Wang revealed that as early as the Sian Incident of 1936, he had begun laying the foundation for the beginnings of "my peace movement." He indicated that active steps were taken to promote the movement early in 1938. To quote Wang's own words: "In March, 1938 Chou Fu-hai and Mei Sze-ping started a campaign to eradicate anti-Japanese principles in China and for the construction of a new East Asia. About the middle of November contact was established with Japanese and there was obtained from them a pledge of support for the movement."

Describes His Travels

After bitterly attacking Gen. Chiang Kai-shek for "his exploitation of the welfare of the people for his own benefit," Wang recalled how he had decided to leave Chungking and to promote peace and amity between Japan and China. He related how he fled from Chungking to Hanoi and how he responded to the statement of Prince Konoye of Dec. 22, 1928, accepting the latter's peace offer.

Wang disclosed that he directed the activities in his peace campaign in Hanoi until April 25, 1939. Then, leaving French Indo-China, he arrived in Shanghai on May 8 and has since established his headquarters here. Accompanied by Chou Fu-hai and Mei Sze-ping, Wang continued, he left Shanghai for Japan on May 31. During his stay in Japan he conferred with the then Premier, Baron Hiranuma, ex-Premier Prince Konoye and the Japanese war and navy ministers. As a result of the conversations, Wang stated, the Japanese government leaders decided to establish a new central government in China. Wang spent more than two weeks in Japan, leaving on June 18.

Mongol Puppet

Press Union photo

Gen. Li Shou-hsin, representing the puppet Federated Mongolian Autonomous Government, was a delegate to the Tsingtao puppet conference which was held for three days from Jan. 24 to 26. This photograph, in which he is shown with Vice-Admiral Naokuni Nomura, commander-in-chief of Japanese Naval Forces in North China waters, was taken in the Shantung port city.

On his return trip, Wang said that he stopped at Peiping where he conferred with Wang Keh-min and claimed to have obtained the latter's support for the establishment of a new central government. On his return to Shanghai he conferred with Liang Hung-chih of the Nanking regime and obtained a similar promise of support from him.

Wang further revealed that he visited Canton at the beginning of August, returning to Shanghai on August 15. He designated August 28 as the date for the inauguration of his "Orthodox Kuomintang," which met in Shanghai and drew up a set of peace policies.

Sends Emissary to Tokyo

Relating recent developments, Wang said that when the Abe Cabinet was formed, Chou Fu-hai was sent to Tokyo on Oct. 2 to establish contact with the new Japanese government. Chou was said to have been assured that the Japanese Government was determined to carry out the establishment of a new order in East Asia.

"Since then, an agreement has been reached with the Japanese authorities regarding policies surrounding the establishment of the new central government in China," Wang said. This agreement with the Japanese, Wang concluded, led to the summoning of the Tsingtao conference to discuss detailed measures for the formation of a central political council as a prerequisite to the establishment of the new central government.

The foregoing account, given by Wang to a Japanese correspondent at Tsingtao, threw interesting light on his "peace" activities dating back to December, 1936. In effect it amounts to a confession of his intrigue with the Japanese to overthrow the National Government at Chungking and sabotage China's resistance against Japanese agression.

North China Status

Explaining the future status of North China, a Japanese army official at Tsingtao declared that a "North China Political Affairs Commission" would be established at Peiping to be placed under the new "Central Government." The chief functions of the "Commission" were defined as "defense against Communism and economic reconstruction," and its jurisdiction would extend to Hopei, Shantung and Shansi. Inner Mongolia would also be given a special status, the Japanese officer added.

Li Shou-hsin, who represented the Mongolian Autonomous Government at the Tsingtao conference, was reported by Japanese sources to have reached an agreement with Chou Fu-hai, who acted on behalf of Wang Ching-wei, on the relationship between the Mongolian administration and the proposed central regime. The contents of the agreement, however, were not divulged. After staying in Tsingtao for one day, Li returned to Kalgan on Jan. 24 by air.

Chu Min-yi, brother-in-law of Wang Ching-wei and secretary-general of the "Orthodox" Kuomintang, announced at Tsingtao last week that a committee to make preparations for the formation of the new central government would be formed shortly, with himself as chairman and Chen Chun, Nanking's minister of interior, as vice-chairman.

Denies Signing Terms

While Wang Ching wei has drawn censure both in China and abroad because of his tresonable deal with the Japanese as revealed on Jan. 21 by his two ex-assocoates (Tao Hsi-sheng and Kao Tsung-wu), he made a feeble attempt to deny the existence of the document in a press interview at Tsingtao. Wang said that he had not signed any peace terms with the Japanese on Dec. 30, as alleged by Kao and Tao, but indicated that he was not anxious to discuss matters regarding the terms. Avoiding embarrassing questions by pressmen,

(Continued on page 361)

Anti-British Movement Revived As Britain Fails in Asama Appeasement

GROWING in size like a snowball rolling down an Alpine slope, the "Asama Maru Incident," which arose on Jan. 21 when a British warship stopped the N. Y. K. liner and removed 21 German passengers, has developed into a major diplomatic issue between Great Britain and Japan and the focal point of a new anti-British campaign in both Japan and China.

The British Naval authorities in Hongkong announced on Jan. 28, according to *Domei*, that the 21 German nationals, regarded as prisoners of war, were landed in the Colony by the warship which seized them from the Asama Maru and placed in the custody of the military authorities. Japan will formally demand surrender of the 21 prisoners, the Japanese agency reported from Tokyo. A *Havas* report from London on Jan. 25, on the other hand, quoted diplomatic quarters as asserting that the men will in no case be released.

Three Protests Delivered

Up to the beginning of this week, Japan had delivered three protests on the incident to the British Government. A British reply to Tokyo's representations was delivered in the Japanese capital on Jan. 27. Semi-official quarters told *Domei* that the reply contended that the boarding of the Asama Maru and the seizure of the 21 Germans were legal actions in exercise of British belligerent rights, the point being made that the seized Germans were returning to their homeland on orders from, and at the expense of, the German Government and that it was clear that they were to have been enlisted in the German Army. The British Government, it was added, interpreted the Prize Court definition of men "enrolled in the army list of the enemy" as including men on the reserve list.

It had been established, the British note reportedly said further, that the seized Germans were technicians skilled in the operation of Diesel engines, and that had they reached Germany they would certainly have been assigned to submarine service. The British Government could not permit Germans of such qualifications to return home and could not therefore hand them over to the Japanese Government. As a matter of course, the British Government would be careful not to injure the prestige of Japan in the future, but the British Government could not revise its established interpretation of international law. The British Government was prepared to discuss with the Japanese authorities the question of avoiding similar incidents in the future, the note said.

Interpretations Differ

Mr. Hachiro Arita, Japan's Foreign Minister, reportedly told Sir Robert L. Craigie, the British Ambassador, that the Japanese interpretation of the London Declaration of 1909 was different from the British interpretation. Setting aside the legal aspect of the case, however, he affirmed that the Japanese Government and people were highly indignant because the Asama Maru was boarded near the Japanese coast—"in the shadow of Mount Fuji"—and this in purported right of a belligerent with an interpretation of international law quite different from that of Japan. In order to remove "the cloud" hanging over Anglo-Japanese relations it was advisable that the 21 Germans be handed over to Japan, he added.

Lord Halifax, British Foreign Secretary, told the Japanese Ambassador in London, Mr. Mamoru Shigemitsu, on Jan. 24, that Britain had not intended to injure Japan's feelings by boarding the Asama Maru and seizing the 21 Germans. He proposed a friendly settlement of the incident, emphasizing that there had been no change in the British policy of seeking to improve Anglo-Japanese relations, *Domei* reported.

Japanese irritation mounted visibly on Jan. 25 when the British Ambassador in Tokyo called Japanese newspapermen into conference to explain to them the British point of view. According to *United Press*, the envoy said the boarding of the Asama Maru was not done to wound Japanese susceptibilities, and emphasized that the Japanese Navy had detained and boarded British ships during the present Sino-Japanese hostilities on more than 191 occasions.

Breach of Etiquette

Mr. Yakichiro Suma, Japanese Foreign Office spokesman, immediately held a conference with Japanese newspapermen and assailed the British envoy for an action "almost without precedent" in appealing directly to the Japanese people, which he termed a "serious breach of diplomatic etiquette." Appealing to Japanese public opinion before a formal diplomatic answer was received to Japan's three protests was an "unfriendly step, the like of which has been very rarely seen in any country in the past," Mr. Suma said.

Mr. Suma's outburst worried the British envoy sufficiently to send him that night to the official residence of the Japanese Foreign Minister, Mr. Hachiro Arita, with yet another explanation. He was surprised, the envoy said, that his statement to the Japanese press had brought such repercussions, since he had merely desired to make it clear that the action of the British Navy with regard to the Asama Maru was not specifically directed against Japan.

Domei reported that agitation was underway in Japanese political circles to urge the Japanese Government to demand the recall of the British Ambassador.

Asama Captain Removed

Captain Yoshisada Watanabe, master of the Asama Maru when she was boarded by the British Navy, has been removed by the N.Y.K. line following a reported threat by the crew to leave the ship if he remained. The Japan Seamen's Union condemned the skipper for failing to uphold the traditions of Japanese seamanship by "meekly allowing" the British Navy to seize 21 German passengers in his care, *Domei* reported. Command of the Asama Maru has been taken by Captain Toru Fujita, former skipper of the N.Y.K. Japan-Europe liner Hakone Maru.

A *Domei* report from London said that the British Government might undertake not to board Japanese merchantmen returning home, if Japanese shipping companies refused passage to Germans of military age intending to return to the Reich by way of Japan and Siberia, while from Tokyo the agency reported that the Japanese Ministry of Communications probably would instruct Japanese shipping companies to take special precautions in selling passages to nationals of belligerent countries. Instructions would be issued, it was stated, that tickets be sold to belligerent nationals only on presentation of affidavits attesting that they are not in active military service, while in cases of doubt the Japanese authorities should be consulted.

British Vessel Boarded

An act of retaliation for the boarding of the Asama Maru was seen Jan. 24 when the British coastal steamer Wingsang, belonging to the Jardine, Matheson Company, was halted off Foochow, Fukien port on the China coast, by a Japanese warship and detained for 11 hours. Although the vessel was not searched, the commander of the Japanese naval party reportedly requested the British captain to sign a statement that his ship had been searched in retaliation for the boarding of the Asama Maru. This was refused. To bring the British ship to a halt, the Japanese warship fired two shots across her bow.

More retaliatory action by the Japanese is the tightening of the blockade of the British and French Concessions in Tientsin (reported elsewhere in this issue and construed in some quarters as being also connected with the lapse of the American-Japanese trade treaty) and the revival of the anti-British movement in China and Japan generally. Mass "indignation meetings" have been held in Osaka, Kobe and Kyoto, while crowds have continued to demonstrate outside the British Embassy in Tokyo.

A piquant feature of the campaign was the celebration of "India Independence Day" in Tokyo and Kobe on Jan. 26, functions being sponsored by the India Independence League of Japan with prominent local Japanese officials attending.

Chinese are Bayonetted

A Chungking report by the Central News Agency, carried to Shanghai by *United Press* on Jan. 28, said that scores of Chinese were bayonetted to death by Japanese gendarmes in Tsaochow, Shantung, on Jan. 26 when they shouted "Long Live Chiang Kai-shek!" at a Japanese-sponsored anti-British mass meeting. In Tsaochow, Taming and Hsinhsiang, the agency said, violent anti-British posters are being exhibited and a boycott of British goods urged.

According to the local Japanese Army organ, *Tairiku Shimpo*, the Asama Maru incident has aroused the indignation of 8,000 Japanese residents and hundreds of Chinese in the Wuhan area. The same paper reported that anti-British campaigns are expected to start in Nanking under the auspices of the Nanking Young Men's Association and the Nanking Anti-British League.

Japan Tightens Tientsin Blockade; Retaliation Against America Seen

$50,000 SAID STOLEN FROM BRITISH EMBASSY

Safe-crackers who forced their way into the building of the British Embassy at Nanking after midnight on Jan. 25 stole $50,000, according to a semi-official source quoted by the Domei agency. The money, it was stated, was being held by the Embassy on behalf of a British firm. Chinese watchmen opened the door of the office for the robbers, thinking they were officials on emergency business. The robbers then gagged and bound the watchmen, cracked the safe and made off with the money, the report said.

JAPAN'S blockade of the British and French Concessions in Tientsin, relaxed somewhat as a result of the disastrous floods last fall, sprang into the political limelight last Sunday, Jan. 28, when restrictions were tightened by the Japanese Army, notably by electrifying the barbed-wire barricades surrounding the two foreign-administered areas.

Coming immediately after the lapse of the American-Japanese Treaty of Commerce and Navigation, the intensified blockade, which has caused a shortage of food, soaring prices and renewed hindrances to trade of non-Japanese foreign nationals, has been widely interpreted as an act of retaliation by the Japanese military against the United States. Some see a connection between the new measures and the Asama Maru incident.

Statements by Homma

The suspected connection between the lapse of the Treaty and the new measures at Tientsin has been almost confirmed in statements issued by Lieut.-Gen. Masaharu Homma, Japanese garrison commander in Tientsin, although an unnamed Japanese military spokesman in the northern city "vigorously denied" on Jan. 28, acording to *Domei*, that the two things were in any way linked. Interesting as revealing the independence of the Japanese Army was a statement made by Mr. Yakichiro Suma, Foreign Office spokesman, who on Jan. 27, according to *United Press*, professed complete ignorance of any decision to intensify the blockade of the Concessions, although the Japanese military in Tientsin had that day informed the British and French authorities that the new measures would go into effect the following day.

On Jan. 26, the day the U.S.-Japan treaty expired and two days before the blockade was tightened, Lieut.-Gen. Homma gave an exclusive interview to *United Press* in which he warned the United States that the Japanese Army in North China would have to "reconsider its attitude toward the United States" in the event of any American embargo against Japan. Expiration of the treaty, he said, would "not necessarily" mean intensified restrictions on American trade in Tientsin. But should there be an American embargo, he added, then "I see no reason to treat American citizens more favorably than others.

The Tientsin garrison commander went on to say that "America apparently misunderstands the Japanese policy of establishing a New Order in East Asia. Nothing can induce Japan to abandon or change her fixed policy. Japan is quite determined." The "New Order," he asserted, was vital to both Japan and the United States. America, consequently, should cooperate with Japan.

Interviewed by *Reuter* on Jan. 29 regarding a possible connection between the expiry of the U.S.-Japan trade treaty and the tightening of the blockade, Lieut.-Gen. Homma issued another warning to America, this time asserting that it was necessary to improve Japanese-American relations. "If our efforts to improve relations with America fail," he said, "the Japanese will see no further reason to extend special privileges to American citizens." No amount of pressure, he reiterated, would cause Japan to abandon plans for a New Order in East Asia. "Think of the sacrifices made during the present Incident," said the General. "If you were in our shoes, would you go so far as to nullify all that had been accomplished because pressed to do so by another country?"

Japan Approaches Mexico

According to an I.N.S. dispatch from Washington on Jan. 28, expiry of the U.S.-Japan trade treaty has been followed by an intensive drive on the part of Japan to expand her trade with Mexico. The Japanese, it was stated, have approached the Mexican Government with a proposal to purchase 18,000,000 barrels of oil that Mexico now has in storage. While at present Japan obtains sufficient oil from California, an embargo on American oil exports to Japan would force Tokyo to seek another source of supply.

A *Domei* report from Tokyo on Jan. 29 reported the impending arrival in Japan of a trade misison from Argentina. According to the *Asahi Shimbun*, a barter agreement between Japan and Argentina will be the outcome of the visit of the mission, which is due in Tokyo on Feb. 17. Japan, it was stated, could take Yen 40,000,000 worth of goods from Argentina annually, provided Argentina purchased a like value from Japan. The Argentine misiosn is said to be ready to discuss measures for increasing exports of Argentine wool, canned meats, cereals and, if possible, raw cotton, while Japan will be prepared to increase her exports of leather and hides and will try to induce the Argentine to buy more Japanese cotton textiles, ceramic and porcelain ware, and miscellaneous goods.

Embargo Bills Considered

According to *United Press*, the Senate Foreign Relations Committee in Washington was to begin consideration of bills for an embargo against Japan on Jan. 31. As an opening gun, Secretary of State Cordell Hull was expected to testify before the Committee on developments in Japanese-American relations since the trade treaty between the two countries was denounced last July. The question of an embargo against Japan has been the subject of numerous press dispatches out of Washington during the past ten days, indicating that the issue has become a live one.

A *United Press* dispatch from the American capital on Jan. 28 said everything indicated that, with America's hands freed for action by the lapse of the treaty, Secretary of State Cordell Hull "is content to sit back and to wait and see if discrimination against American trade in China ceases, and what sort of guarantees Japan will offer, and whether Japan seeks trade with other countries." Observers were said to believe that the slow official approach to the question of future Japanese-American trade relations was based on the desire to avoid an abrupt challenge to Japan in a manner that might create disastrous economic dislocations in that country or destroy the hope that liberal elements might obtain leadership in Tokyo.

N. Y. Times Flays Japan

The previous day, the *New York Times* flayed Japan as a despoiler of China and described Tokyo's attempts to conclude a new trade treaty with the United States as nothing better than the hold-up methods employed by gangsters. Referring to the question of the reopening of the Yangtsze, the paper said that Japan has no right to dictate who should and who should not navigate on the river. "The legal and moral status of our shipping is in no way altered by the fact that Japan has broken into the house of China in the role of a despoiler."

Comment on the lapse of the Treaty was made in Chungking by the *Central Daily News*, which opined that Japan would bow in submission to American pressure if America's future measures against the Island Empire were strong enough. "Peace and order will be immediately restored when America stops supplying Japan with war materials," the journal stated.

Admiral Yarnell's Plan

Admiral Harry E. Yarnell, former commander-in-chief of the U.S. Asiatic Fleet, and a leading proponent of an embargo on the supply of American war materials to Japan, stated in New York last week that expiration of the trade treaty was only the beginning of the solution of America's Far Eastern problem. He said he would welcome any limitation on shipments of war materials to Japan, but urged the adoption of an international plan which would give Japan sufficient trade outlets in the Pacific to absorb the energy she is now expending in China. He proposed a new economic map of the

Pacific in which the United States, Britain, France and the Netherlands would relinquish some special interests to Japan. With equal trading opportunities for Japan in India, French Indo-China, the Netherlands East Indies and the Philippines, the liberal non-militarist elements in Japan would be able to check the Japanese militarists, Admiral Yarnell asserted.

The Admiral's statement drew comment from the *Philippine Herald*, published in Manila, which said the plan could not possibly succeed. People in Britain, the paper declared, had tried to placate Germany by offering a redistribution of African colonies. This proposal didn't work in Europe and a similar proposal wouldn't work elsewhere, the paper asserted, adding that "despite the Christian sentiment which must have moved the Admiral to make such a suggestion, Japan will have to fight for whatever she needs and wants to secure."

Utopian, Says Paper

Another comment came from the leading Chinese newspaper, the *Shun Pao*, which said that Admiral Yarnell's proposal was more or less utopian in character, since it was based on the erroneous supposition that one of the reasons for Japanese aggression in China is Japan's need to satisfy certain economic requirements, and another supposition that liberal elements in Japan would triumph over the militarists if Japan had equal trading opportunities in the Far East. The real cause of the war, however, was the ambitions of the Japanese militarists and the existence of a feudalistic economic system in Japan, so that even if the Powers mentioned by Admiral Yarnell should relinquish certain interests to Japan, they would hardly be able to satisfy the Japanese militarists or cure Japan's economic ills. Japan's economic exhaustion is the result of her military adventure in China, and to regard the war as the result of Japan's economic difficulties is to confuse cause with effect, the paper declared.

Chinese Blamed for Mission Destruction

Destruction of the American Christian and Missionary Alliance property at Lungchow, Kwangsi, in the latter part of December was "the result of Chinese incendiarism or due to the spread of a fire set to nearby houses by the Chinese," a Japanese military spokesman in Shanghai declared Jan. 27. He emphatically denied allegations contained in an official American protest dated Jan. 10 that Japanese troops had looted the mission property on Dec. 21 and set fire to it the following day, asserting that Japanese troops in Lungchow had shown meticulous care not to cause damage to third-party property.

Japanese Arrest Pupils Of U.S. Mission School

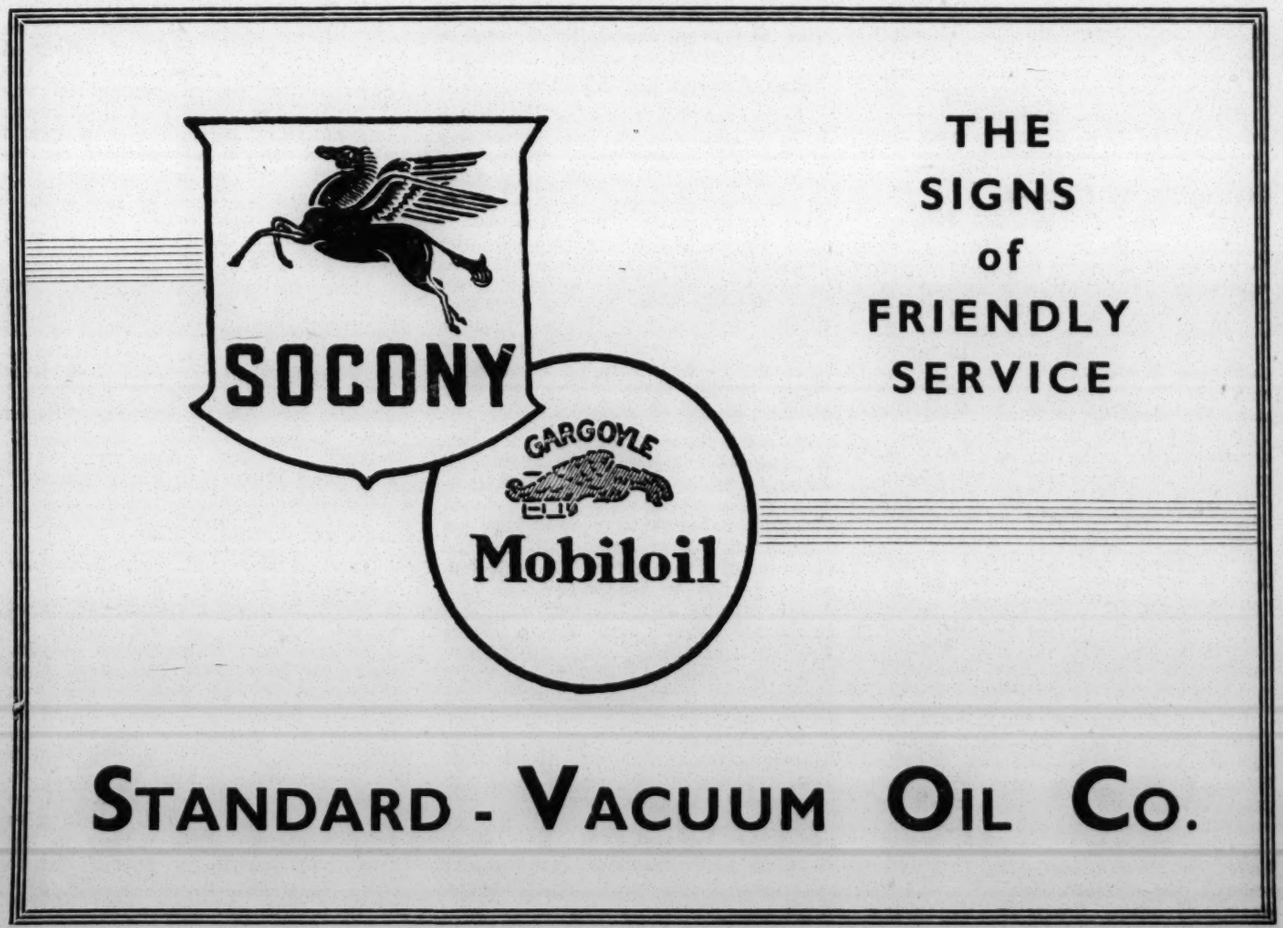
A number of pupils of the Suiying School in Taian, important Shantung city, have been arrested by the Japanese authorities on charges of possessing papers connected with the 8th Route (former Red) Army, *Reuter* reported from Tsingtao on Jan. 25. The school is operated by the American Methodist Episcopal Mission.

China Seeking New Credit Loan in U.S.

Dr. Hu Shih, Chinese Ambassador to Washington, and Dr. W. W. Yen, Chinese economic adviser, conferred with President Roosevelt on Jan. 26 when, according to an I.N.S. dispatch, they sounded out the President regarding further financial aid to China. Dr. Hu disclosed that China was seeking replenishment of the U.S.$25,000,000 credit granted by the Export and Import Bank in Washington, since the credit, which has enabled China to buy trucks, fuel and supplies for her armies, would be exhausted by the end of January. As security for the credit, China pledged her tung oil and other exports, which, as they are liquidated, will enlarge the margin of China's borrowing power.

Avalanche Kills 50 Workers in Japan

Fifteen persons were killed on the morning of Jan. 29 when an avalanche of snow descended on a workers' dormitory near Yabukami village, in Niigata Prefecture, Japan, *Domei* reported. Twenty-six persons in all were buried by the avalanche, but 11 were extricated alive by a rescue party from a nearby village.



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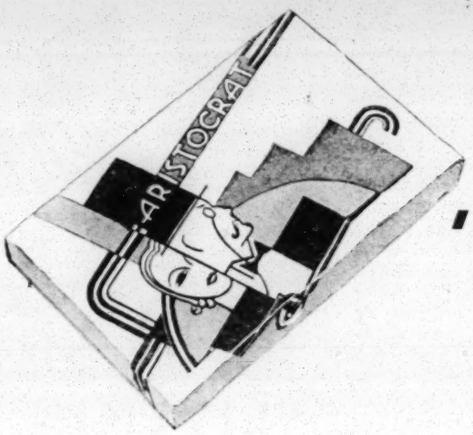

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Deny P. I. Officials Bar Jews from Jobs

The question of settling Jewish refugees in Far Eastern countries—notably in China and the Philippines—was aired in news reports recently. On Jan. 25, Mr. Alex Frieder, president of the Jewish Refugee Committee at Manila, strongly denied a statement made in a letter published in a Jewish newspaper in Shanghai wherein it was charged that officials in the Philippines were preventing Jewish refugees from acquiring work. "Quite the contrary," Mr. Frieder declared, "Philippine officials have been extraordinarily sympathetic and cooperative in all respects to alleviate the distressing situation of the political refugees."

Dr. Stanton Youngberg, representing the Jewish Economic Corporation of New York, who is supervising the establishment of the Mindanao settlement for Jewish refugees, said he could not give any credence to the report, which, allegedly written by a prominent Manila businessman, stated that it would be impossible for white men to live in Mindanao because of the tropical climate, while the allotment of 16 hectares of land per family would not be sufficient to yield a livelihood.

The plan for settling Jewish refugees in China's Yunnan Province, and which was drawn up by Mr. Jacob Berglas in Shanghai several months ago, was explained by Mr. Berglas to the New York press on Jan. 26, *United Press* reported. Mr. Berglas said that he or a guarantor of stock in a cooperative bank with headquarters in the United States would pay U.S.$500 for each emigrant settled in the province. Of this sum, U.S.$240 would provide food for two years, U.S.$60 would furnish living facilities and furnishings, and U.S.$200 would go into a fund for the establishment of industries. Colonization would be limited to persons under 60 and in good health, he said, adding that he planned to form committees throughout the world to raise funds for the plan.

Higher Ricsha Rentals Authorized by S.M.C.

An increase of approximately eight per cent in the rental of public ricshas — raising the charge to the pullers from 77 cents to 83 cents per day—was authorized last week by the Shanghai Municpal Council, effective as from Feb. 1.

The increase was authorized, the Council stated, after study of a statement by the Ricsha Owners' Association showing that operating costs had increased, likewise the cost of building new ricshas. At the same time, the Council decided to authorize increases in the minimum passenger fares, by distance to 10 cents and by time to 60 cents. This latter decision is largely meaningless, since where Chinese passengers are concerned the fare to be paid is, and always has been, a matter of bargaining with the puller who frequently must accept passengers at less than the notified minimum fare if he is to make a living.

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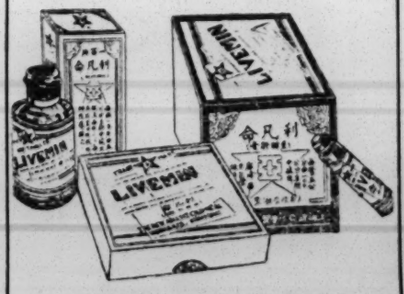

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Mill Strikers Dispersed By Police Reserve Unit

The Reserve Unit of the Shanghai Municipal Police was used on Jan. 27 to intimidate 2,000 workers on strike at the New China Textile Mills, 60 Mokanshan Road, for higher wages to meet the increased cost of living and for a shorter working day. Having failed to secure their demands, the workers ceased work and refused to leave the factory premises. When the police arrived, they set about dispersing the strikers, who defended themselves by hurling bobbins. When the strikers were dispersed, the mill premises were closed.

An incident in connection with the strike at the Yee Tsoong Tobacco Factory in Thorburn Road, Hongkew, occurred the previous day when a Japanese naval sentry on Garden Bridge refused to allow Settlement police riot vans to pass in response to a call from the owners. The vans were held up for 90 minutes, the Japanese officer objecting to the carrying of carbines by the police into a Japanese-occupied area. Yee Tsoong workers staged a sit-in strike on Jan. 21 in support of a demand for an increased cost of living allowance. The strike has now been settled.

Free China's Exports to U.S. Said Unusually High

"Free China's" exports to the United States during the first eight months of 1939 were higher than for the entire year 1938, the Ministry of Finance announced in Chungking on Jan. 25. This fact was said to be specially significant, as most of China's foreign trade in 1939 was carried over land routes as a result of Japan's blockade of the coastal ports. Whether, in computing the increased export trade turnover, the lowered value of the Chinese dollar in 1939 was taken into account, was not stated. Figures of 1939 exports to the United States, it was pointed out, however, do not include goods sent to Hongkong and Haiphong, although a large portion of such goods was later sent to the United States.

Prince Saionji Said Recovering from Illness

Prince Kimmouchi Saionji, Japan's last surviving *genro* or elder statesman, was reported this week to be showing slight recovery from a bronchial illness. The political veteran, who is now 91 years of age, is always consulted by the Japanese Government in times of acute crisis. According to the *Asahi Shimbun*, Tokyo newspaper, Prince Saionji has almost completed the writing of his memoirs, which he has deen dictating to his private secretary, Baron Kumao Harada, since March, 1929. The autobiography, which already covers 12,600 sheets of 200 words each, or a total of 2,520,000 words, will reveal moves behind the scenes in all political developments in Japan during the past 75 years, the *Asahi* said.

Salvation Army Runs 'Hot Rice Bus' Here

With destitute people still dying of cold and hunger on the streets of Shanghai, the local branch of the Salvation Army has placed a "Hot Rice Bus" on the streets at night to administer free food to starving people found shivering on sidewalks and in alleyways. The bus commenced its errand of mercy late last week, and the Army issued an appeal for funds to maintain the charitable effort throughout the cold spell. A sum of $60,000 has been asked for, and by the beginning of this week more than $30,000 had been received. The "Hot Rice Bus" has already saved several thousand people, including many children, from death by starvation.

Japan-Soviet Border Conference Breaks Down

Breakdown of the negotiations between the Soviet Union and Japan for demarcation of the Outer Mongolia-Manchukuo border was announced by the Japanese Foreign Office on Jan. 31, according to a *Domei* report from Tokyo. The parleys, which had been proceeding in Harbin, with representatives of Outer Mongolia and Manchukuo present in addition to the Soviet and Japanese delegates, ended on Jan. 30 when the conferees came to the conclusion that no agreement could be reached, the *Domei* report said. The border conference, called in terms of the Nomonhan truce agreement, started in Chita last November and after several sessions was transferred to Harbin.

Despite the breakdown of the border conference, Soviet-Japanese talks in Moscow on the subject of a trade treaty are "progressing smoothly," the Japanese Foreign Office spokesman announced.

14 Convicts Escape From Devil's Island

Fourteen French convicts arrived in Frederikstaed, Virgin Islands, on Jan. 25 after escaping from the famous penal settlement at Devil's Island in small open boats. The men were reported to be thoroughly exhausted, while some of them still carried their chains. They were taken to hospital and will remain there while their legal status is established by the United States Government, the Virgin Islands being an American possession.

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Tsingtao Meet Fails

(Continued from page 353)

Wang quickly shifted discussion to other topics after stating that he was unable to sign any peace terms with Japan until after the formation of his government.

Evidently annoyed at the disclosure of his secret agreement with the Japanese, Wang bitterly denounced Kao and Tao as "fence-sitters" and "cowards." He termed their departure from the ranks of his peace movement as "good riddance." Branding their action in disclosing the peace terms as most "contemptible," Wang charged that "they have proved they are not only cowards but also they have debased their character by allowing themselves to fall victims to temptation."

Offered Friendly Advice

In contrast to the acrimonious attitude adopted by Wang, Kao and Tao revealed in a statement issued at Hongkong last week that prior to the publication of the secret agreement, they had offered Wang friendly advice, urging him to abandon his plans for the establishment of a puppet government under the Japanese. Tao said that he realized that if he did not leave Shanghai he would be forced either to sign the secret agreement or lose his life. So he decided to proceed to Hongkong on Jan. 3 in the company of Kao Tsung-wu.

After their arrival at Hongkong, the statement said, they wired Wang Ching-wei requesting him to reconsider carefully the matter of negotiating peace with Japan and establishing a new government. They explained that they were not willing to participate in the organization of a new government, "because the Japanese terms are absolutely unacceptable."

In reply, the statement went on, Wang "rebuked us for having left Shanghai, but made no reference to the organization of the new government." "Our final friendly warning having failed, we decided to publish the original text of the Japanese terms for the information of, and as a warning to, our compatriots," the statement said.

Generals Denounce Wang

Manifestoes denouncing Wang Ching-wei as a "traitor" were issued by Chinese army circles as well as the National Moslem Association at Chungking. Central troops under the command of Gen. Wei Lih-hwang, in their anti-Wang statement, declared, "We who lead 1,000,000 troops in North China, are determined to fight the Japanese."

"We who respresent 50,000,000 Moslems in China object to Wang Ching-wei's traitorous agreement with the Japanese," the Moslem circular stated.

Branding Wang Ching-wei as a "super-traitor," M. Sobolev, a member of the Soviet Supreme Council, in a letter to the newspaper *Trud*, intimated the Soviet government's determination not to recognize the Wang government. Describing the whole business as an "act of despair occasioned by the success of Chinese resistance," the writer said that Wang was chosen by the Japanese with the object of "blowing up China internally."

Japanese sources revived propaganda designed to stir up ill relations between the Kuomintang and the Chinese Communist Party. A *Domei* message from Hongkong alleged that Communist leaders, including Chou En-lai, Wang Ming and others, had submitted a series of strong demands to Gen. Chiang Kai-shek, including their insistence on Gen. Chiang's formal recognition of the Communist Party, reorganization of the National Government to permit more active participation in government affairs by communists, exclusive control by the Communist Party of the 8th Route Army and the New Fourth Army.

New Hopei Chairman

Gen. Pang Ping-hsun, a former subordinate of Gen. Feng Yu-hsiang, was reported to have been appointed chairman of the Hopei Provincial Government, succeeding Gen. Lu Chung-lin. Gen. Chen Chi-tang, former commander of the Kwangtung provincial forces, according to a *Reuter* report from Chungking, has been slated for the post of Minister of Agriculture, Forestry and Water Conservancy, when the new ministry is formed. Creation of the new ministry was decided at the recent 6th plenary session of the Kuomintang Central Executive Committee in Chungking. Gen. Chen, it may be recalled, donated HK$7,000,000 to the Government war chest in 1937 shortly after the outbreak of current hostilities.

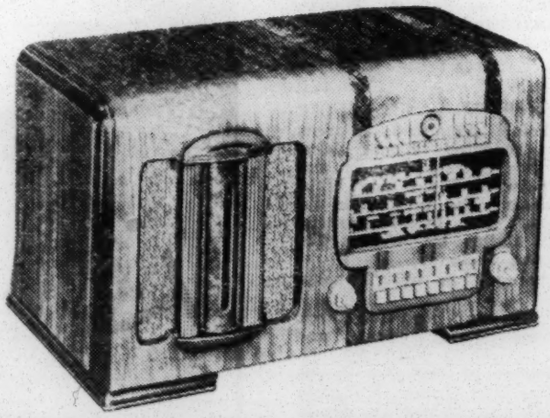
P.I. Agricultural Strike Called Off

The strike of agricultural workers in Pampanga, Philippine Islands, was settled on Jan. 27 following a conference between President Manuel Quezon and the Socialist leaders of the strike, *United Press* reported. The Socialists announced the ending of the strike—which involved between 25,000 and 30,000 laborers—because they had decided to resort to "legal courses" to secure fulfillment of their demands, the agency said.

Streamlined Nippon Ship To Set Sail in March

Bringing to four the crack Nippon Yusen Kaisha liners on the Orient-San Francisco run, the 16,500-ton Nitta Maru, streamlined from stem to stern, will be completed on Feb. 29 and will sail from Yokohama on her maiden voyage early in March, *Domei* reports. Originally intended for the Europe-Far East run, the vessel is nearing completion at the Mitsubishi Dockyards in Nagasaki. She will have a speed of 22 knots and will accomodate 127 first class, 88 second class and 285 third class passengers.

1940 ZENITH LONG DISTANCE RADIO 1940



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SHANGHAI - HONGKONG - SINGAPORE

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

January 7

Japanese naval communique claimed that a bridge on the Yunnan Railway was blown up on Jan. 5 during a Japanese air raid. Chinese air bases at Kian and Kanchow in Kiangsi bombed on Jan. 6, the communique stated.

Heavy fighting in the Chaochow area on the Fukien-Kwangtung border during the past few days reported by Japanese. Japanese claimed some 1,000 Chinese soldiers killed during the fighting.

The three Chinese gunmen from "badlands" area who attempted to assassinate G. G. Phillips of the Shanghai Municipal Council were reported to be in the custody of the Japanese Gendarmerie at their headquarters on Jessfield Road, where they had been taken by the "Ta Tao" police on Jan. 6.

Japanese authorities in Tsingtao admitted the burning by Japanese soldiers of property of the British-owned Methodist Missionary Society at Chuchia, outside Wutingfu, in Shantung, on December 25, **Reuter** reported.

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January 8

Japanese military spokesman declared Wang Ching-wei's projected "Central Government" would not be formed this month. "If Wang Ching-wei were the only Japanese means to obtain peace, then peace would never be attained," he said. "Wang Ching-wei," he added. "is not the only string in the Japanese bow. There must be others."

Japanese Cabinet approved the basic principles agreed upon between Wang Ching-wei and Japanese military authorities in China regarding the establishment of the proposed "Central Government of China."

Sir Archibald Clark Kerr, British Ambassador, called on Foreign Minister Wang Chung-hui and conferred with him for one hour. Subject unannounced.

*
**

January 9

Quoting official Japanese sources, **United Press** reported from Tokyo that a compromise peace agreement had been reached between Japan and Wang Ching-wei, outlining the terms for the establishment of the puppet central government in China by Wang. The terms as reported include:

1. Wang's recognition of "Manchukuo."
2. Signing of an anti-Comintern alliance between Wang, Japan and "Manchukuo."
3. The stationing of Japanese troops in North China and Inner Mongolia under the anti-Comintern defense agreement.
4. Joint economic development and exploitation of China's natural resources.
5. Japan's pledge to withdraw her troops from Central and South China within two years after a peace agreement is arranged between Wang and Japan.
6. Nationalization of China's railways.

Japanese military spokesman at Peiping declared that the Japanese Army was opposing the proposed Wang Ching-wei regime because it did not want any change in the status of North China.

Fall of Japanese cabinet under Gen. Abe regarded imminent; Gen. S. Hata, War Minister, withdrew support and demanded that Premier Abe resign.

Shanghai Municipal Council issued official statement in connection with the attempt on the life of G. G. Phillips, Secretary and Commissioner-General of the Council, on Jan. 6.

Clarence E. Gauss, United States Consul-General in Shanghai, nominated as first United States Minister to Australia by President Roosevelt.

Details of the death of Dr. Norman Bethune, a Canadian, in North Shansi and his work with the Chinese Army, disclosed in official statement at Chungking. Dr. Bethune, who was known among Chinese as "the benefactor of the guerrillas," died on Nov. 13 of blood-poisoing. Prior to his death he had performed hundreds of operations on wounded Chinese guerrillas and rendered other valuable services to the Chinese Army.

Thirty-nine Japanese airplanes (yesterday) bombed Laofantchai and Lahati in Yunnan, near the French Indo-China border.

Statistics released by the Ministry of Interior revealed that there are 1,905 newspapers, 1,774 periodicals and 818 news agencies operating in "free China."

Two pro-Japanese officials in Kulangsu, Amoy, namely, Hwang Lien-feng and Lung Pai-ying, shot and seriously wounded (last night) by several gunmen. Hwang subsequently died.

January 10

Gen. Chiang Kai-shek reportedly visiting Kweilin, where he would personally direct the Chinese counter-offensive against the Japanese forces in Kwangsi.

Heavy fighting reported proceeding in South Shansi. Chinese forces launched fresh attacks on the Japanese.

Chinese forces reportedly entered Anking, capital of Anhwei, on Jan. 2. After some street fighting with the Japanese garrison, they withdrew.

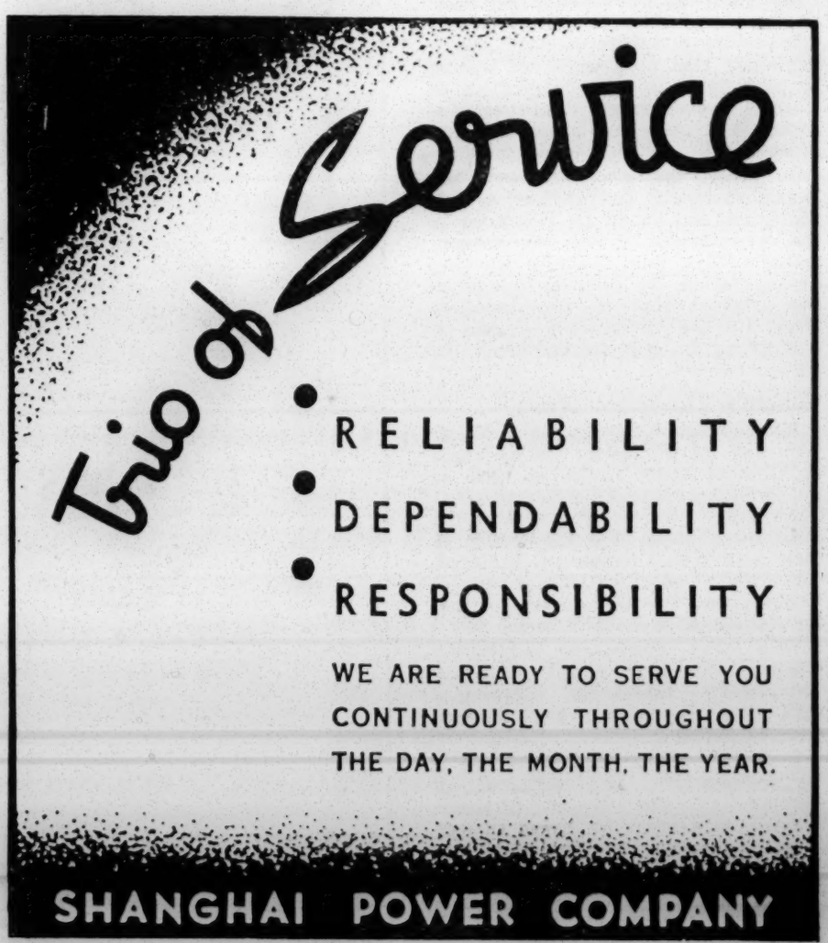
More Russian military advisors recently arrived at Sian, Shensi capital, according to a party of foreigners who arrived at Tsingtao from Shensi.

Fall of the Abe Cabinet seen as inevitable by Tokyo press. Prince Konoye, Gen. Sugiyama, Gen. Terauchi and War Minister Gen. Hata mentioned as his possible successors.

The attempted assassination of G. G. Phillips, Secretary and Commissioner-General of the Shanghai Municipal, allegedly prompted by personal reasons in connection with the outside roads question, according to **The China Press.** Ting Mu-cheng and Li Shih-chun, followers of Wang Ching-wei, implicated as the "brains" of the murder plot. The two persons were alleged to be deriving a large income from the vicedens and gambling joints in the "Badlands," which was in danger of being diverted should a settlement of the outside roads issue be reached between the Shanghai Municipal Council and "Mayor" Fu Siao-en.

Japanese soldiers looted and burned the American Christian and Missionary Alliance mission at Lungchow, Kwangsi, on Deccember 21 and 22 despite the fact that the property was prominently marked with American flags, according to a report received at Peiping from the Reverend Harry E. Lang.

Nomination of Clarence E. Gauss as the United States first Minister to Australia approved by the U. S. Senate.



Who's Who in China

Yang Mai-Djen (Elizabeth Yang), social worker; born at Hsiaokan district, Hupeh, 1907; graduate of Shanghai University, Shanghai 1930; M.A. University of Pennsylvania, U.S.A. 1935; associate general secretary of The Women's Christian Temperance Union 1931-34; Director of Shanghai Women's Hostel, 1932; editor of *Woman's Voice*, 1933; delegate to the International Council of Women at Paris, 1934; delegate to the International Student Conference at Geneva, 1934; delegate to World's W.C.T.U. Convention at Stockholm, Sweden 1934; General Secretary of Y.M.C.A. Peiping 1936; now Principal of the New Life Girls' Academy; Director of the Women's Art Institute; Director of Childrens' Home; Director of Refugee Childrens' Institute; Director of Shanghai Women's League; General Secretary of Women's Christian Temperance Union; author of the "Woman's Labor Problem;" address: Women's Christian Temperance Union, Shanghai.

Elizabeth Yang (Yang Mei-chên)

楊美真

January 11

Reviewing the military situation of the past year, Chungking military spokesman declared that the Japanese advance during the year was negligible and the only Japanese gains were the captures of Nanchang and Nanning. The average monthly casualties for the Japanese last year approximated 40,000 men, he claimed. All of the Japanese divisions in North, Central and South China, totalling about 1,000,000 men, were tied down to mere garrison duties with only two or three divisions actually carrying on the offensive since January 1, he added. The Chinese forces, since the middle of December, entered Nanchang three times, Hangchow once, Taiyuan once, Nanking once and Canton once, besides entering many smaller cities, the Chinese spokesman said.

Chungking officially denied report alleging that Wang Ching-wei had reached an understanding with the National Government concerning his plans for the establishment of a new central regime.

Col. Henry L. Stimson, former United States Secretary of State, in a letter to the **New York Times**, urged an embargo on export of American arms and raw materials to Japan.

Japanese Gendarmerie Headquarters in Shanghai issued lengthy statement on the case of the attempted assassination of G. G. Phillips of the Shanghai Municipal Council. The statement expressed regret over the incident but denied that the would-be assassins responsible for the attack were now in Japanese custody.

Officials of the Shanghai Municipal Council ridiculed allegation made by a Japanese press spokesman yesterday that the attempt on Mr. Phillips' life was the work of Chungking agents.

Post Office in Shanghai announced that beginning from Jan. 15, Japanese money will be accepted for the purchase of stamps at the rate of 1 Yen for $1,25 Chinese National currency. No further explanation for the move was given.

***

January 12

Serious fighting now in progress between Chinese and Japanese troops at eight points in China; most serious battles are in the passes northeast of Nanning, according to Chinese dispatches. Wutsun, 15 miles south of Nanning, reported recaptured by the Chinese yesterday. Chingyuen, 60 miles northeast of Canton, also said retaken.

Lt.-Col. Miura, so-called Japanese "King of Attack," killed in action at Luan, on Anhwei-Honan border, on Jan. 4.

Japanese Army spokesman in Shanghai asserted that the Chinese attack on Nanning on Jan. 10 was "easily repulsed." The Nanning sector said calm.

On the Kiangsi front, the Chinese reported recapture of Mahweiling, strategic point on the Kiukiang-Nanchang Railway between Tehan and Kiukiang.

Reported in Tokyo that Japan had sent France a virtual ultimatum demanding that shipments of munitions over the French owned Yunnan Railway must cease within fortnight ending Jan. 23. The note warned that Japanese planes would bomb every bridge of the railway unless the demand was accepted. Report denied by official Japanese and French sources in Shanghai.

Denial issued by the Japanese Gendarmerie Headquarters, refuting evidence that the three assassins responsible for the attempted murder of G. G. Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council on Jan. 6, said to be "full of holes" and unconvincing according to comment by a high official of the Council.

176 Incinerated in Japan Train Disaster

One hundred and seventy-six persons were burned to death and 69 more injured when a gasoline-engine railway train was wrecked just as it was about to enter an Osaka station early on Jan. 29. The last car, filled with Japanese factory workers in the morning rush hour, was derailed as it approached the Ajikawaguchi Station in the industrial district and burst into flames. Nearly all the passengers were trapped by a wall of fire. Many of those who fought their way to safety were badly burned.

More than 150 houses and buildings were destroyed by fire on Jan. 26 at Ninomiyamachi, in Kanagawa Prefecture, but no lives were lost. The blaze lasted three hours. Among the gutted buildings was the post office. This was the second big fire in Japan last month, a blaze at Shizuoka on Jan. 15 destroying some 5,000 buildings and rendering more than 28,000 persons homeless. Damage in the Shizuoka fire was estimated at between Yen 70,000,000 and Yen 80,000,000.

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Men and Events

Luigi Cortese, first Italian Minister to Manchukuo, will shortly be transferred to Switzerland, according to *Domei*.

*

The Japanese Ambassador-at-Large, Sotomatsu Kato, who went to Tokyo when the new government was formed, has returned to Shanghai.

*

A. A. L. Tusen has been appointed British Consul in Tientsin in place of I. H. Lamb, who has been appointed Superintending Consul at Shanghai.

*

Shigeo Inui, Japanese vice-consul at Nanking, has been appointed chief of the consular office opened at Paoshan in central Shantung. The Paoshan office is connected with the Consulate-General at Tsinan.

*

Tanryo Murata, famous Japanese painter, died at Hachioji on Jan. 27 at the age of 68. Two of his outstanding paintings are on exhibition in the Picture Gallery of the Meiji Shrine.

*

S. E. Lucas, formerly an adviser to the Peiping office of the Bank of China and later connected with the London office of the Bank of China, has retired. He was succeeded by F. W. Gray. Mr. Lucas, prior to joining the Bank of China, was connected with the Chartered Bank in Shanghai.

*

The Japan Airways Company has appointed Commander Kikuo Kajiki manager of the branch office of the Company recently opened in Bangkok. Com. Kajiki previously was an adviser to the Imperial Aviation Society and has been active in the promotion of aviation in Japan.

*

It was reported in Chungking on Jan. 24 that the Eurasia Aviation Corporation, in which German aviation interests hold a minority interest, would shortly be amalgamated with China National Aviation Corporation. C.N.A.C. is a Sino-American corporation in which the Pan-American interests hold 49 per cent of the stock.

*

Merchant ships will not henceforth be able to coal at Hawaii, the Navy Department in Washington announced last week, according to *Transocean*. While no explanation of the prohibition was given, it was assumed that it is intended to assure coal storage for the Navy and to discourage foreign ships from entering the Hawaii zone, the German agency said.

*

The river dredger, Chien She, built in Germany and said to be the largest dredger in the world, will soon be placed back in service removing the silt from the Whangpoo River, according to announcement of the Whangpoo Conservancy Board last week. The Board asked for various supplies required by the dredger in order to resume work. Since the outbreak of hostilities in 1937 the dredger has been anchored in the river, first on the Pootung side and more recently alongside the French Bund.

All Japanese consuls in North China will hold a three-day conference at Peiping, beginning Feb. 5. The purpose of the conference, according to *Domei*, will be to enable the consuls to listen to an address by Akiyoshi Tajiri of the Tokyo Foreign Office dealing with Japanese policy toward the new Wang Ching-wei regime. The *Domei* report concluded, "Their duties in the execution of Japanese government policies will also be explained."

*

According to *Domei* the British Hongkong and Shanghai Banking Corporation has reduced its customary dividend from a final £3 for the year to £2:10s. The bank pays two dividends a year, July and January. According to the Japanese report the interim dividend usually has been £2:10s and the final one £3. The Japanese report claimed that the reduction indicated a falling-off in earnings.

*

Yoshisuke Aikawa, president of the Manchuria Industrial Development Corporation, who is at present visiting Germany, was received at Berlin on Jan. 25 by Field-Marshal Hermann Goering for a discussion of Reich-Manchukuo trade questions, *Transocean* reported. Mr. Aikawa was also entertained by the Society for the Furthering of Economic Relations between Germany and Manchukuo, the head of which is Frederick Engel. The report stated that Mr. Aikawa was making an inspection tour of Germany's heavy industries, his host being Herr Stahl, a leading manufacturer.

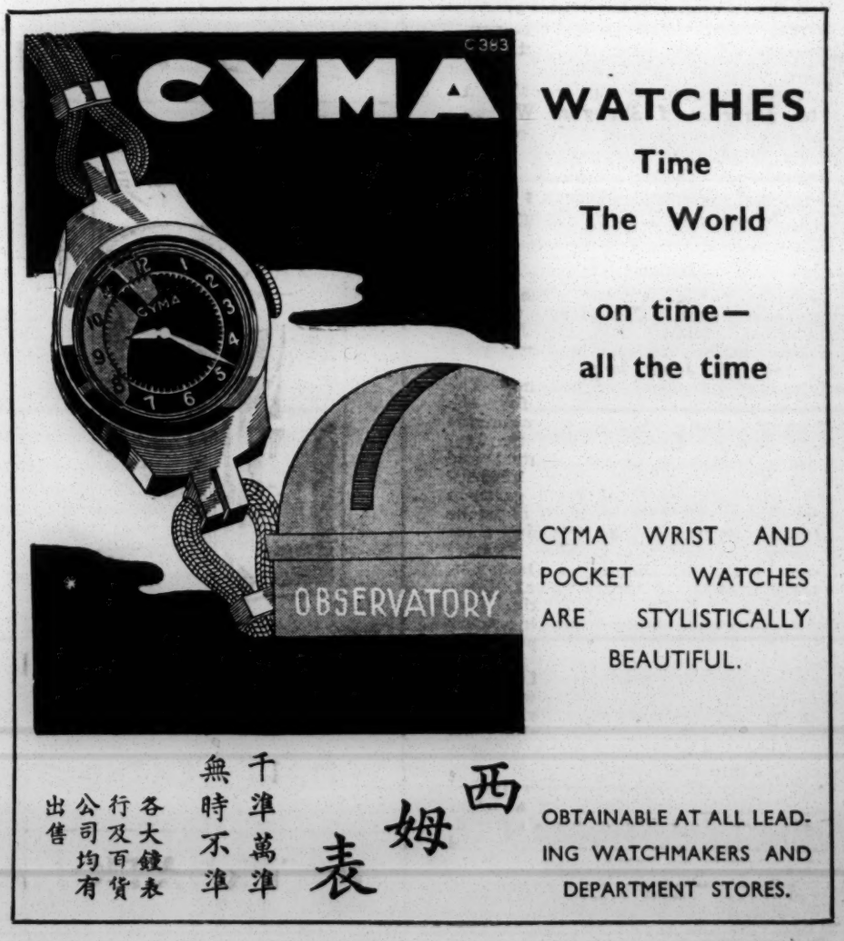
Benjamin T. Teodoro, 24-year-old Filipino, who was sentenced to 15 months in Bilibid prison, but who disappeared from the U. S. Marshal's office during the hearing and later was re-arrested, was taken aboard the U. S. Transport Henderson on Jan. 27, bound for Manila. Teodoro was arrested last September and found guilty on a charge of having narcotics in his possession.

*

Col. Theodore Roosevelt, cousin of the President, who served as chairman of the China Relief Committee, was awarded the decoration, "Grand Cordon Bleu of the Order of Jade," at a special ceremony in New York on Jan. 26. The decoration was presented by Dr. Hu Shih, Chinese ambassador, on behalf of the National Government, in recognition of Col. Roosevelt's services to the Chinese people as head of the Council which raised the sum of U. S. $55,000 through the "Bowl of Rice" parties.

*

The Japanese Shinto Shrine, which was located on property belonging to the Municipal Council of the International Settlement, shortly after the outbreak of war here in 1932, is to be enlarged, according to the Japanese paper, *Shanghai Mainichi*. The report stated that the Municipal Council had donated a further plot of land to the Shrine and that the directorate of the institution had decided to expend Y.100,000 in new construction work. The Shrine is located on North Szechuen Road extension, opposite the Japanese Naval Headquarters, and was originally built on property belonging to Hongkew Park.



Four German seamen, who had stowed away on board the Japanese ship Kurushime Maru, a 3,000-ton freighter, were taken off the ship when it arrived in Shanghai last week and turned over to the German Consulate. The Germans were thought to have been employed on a Rickmers Line vessel. They apparently stowed away on the Japanese ship in Formosa.

•

R. T. McDonnell, who was recently appointed to the Municipal Council of the International Settlement in succession to J. W. Carney, who resigned, has been appointed a member of the Board of Governors of the General Hospital. Mr. McDonnell is connected with the American firm of William Hunt and Company and formerly represented the company in Washington, D. C. Mr. McDonnell, who previously resided in Tientsin, is an engineer.

•

P. K. Chu, well-known in Chinese and foreign newspaper circles in Shanghai, has been appointed Chinese Vice-Consul at Manila. He was expected to arrive there to assume his duties on Jan. 27. Mr. Chu served as a secretary with Dr. Sun Yat-sen, following the creation of the Chinese Republic in 1912. He was a member of the editorial staff of *The Shun Pao*, leading Chinese newspaper at Shanghai, in 1911 and later represented the paper at Geneva and at the Washington Conference in 1920-1921. After 1928, Mr. Chu was manager of *The China Critic*, a weekly printed in English. Since 1938 he has been connected with the Chinese Red Cross.

•

The Soviet ice-breaker Sedov, which was confined in the Arctic ice-pack for more than two years and recently was rescued by a sister ship, the Joseph Stalin, arrived at the port of Barensburg, Spitsbergen on Jan. 27 and after taking on a supply of fuel was expected to proceed to Murmansk. A special crew, which remained aboard the Sedov for the entire time of the confinement of the ship in the Arctic ice, was expected to receive a hearty welcome upon arrival at the Russian home port. The Sedov became frozen in the Arctic ice while attempting to discover a route through the Arctic Ocean to the Far East. Another Soviet ice-breaker, the Cheluskin, which made a similar attempt in 1935, was crushed in the ice near Wrangel Island, northwest of Bering Strait.

The Chinese Women's Relief Association in the United States sponsored a forum at the Town Hall, New York, beginning Jan. 31, for the purpose of raising funds for Chinese war orphans. Speakers included Dr. W. W. Yen, former Ambassador to Moscow; Mrs. Pearl Buck, novelist, Carl Crow, writer and author, Vincent Sheean, correspondent; Hendrick Van Loon, well-known author, and others. Mrs. Y. Y. H. Wei is treasurer of the organization. Mrs. Buck announced that she had assumed responsibility for the support of 12 Chinese orphans since the beginning of the conflict in 1937.

•

Dr. Paul Beck, well-known German resident of Chungking, committed suicide on Jan. 25. His body was found by servants in his residence in the Chinese capital where he had resided since the outbreak of the war in Europe. The cause of his suicide, according to official announcement, was despondency over the death of his friend and business associate, Herr Otto Wolf, in Germany recently. Dr. Beck had served in the Army Medical Corps in the Great War and later had come to China where he represented the Wolf concern in connection with the construction of the Chekiang - Kiangsi - Hunan - Kwangsi Railway, which runs from Yushan to Kweilin via Nanchang, Pinghsiang and Hengyang. The Wolf firm was also interested in the munitions trade and had an office in Manchukuo.

•

The Shanghai Medical Society, at its annual clinical meeting, held at the Race Course on Thursday, Jan. 25, paid a high tribute to the memory of Dr. W. R. Johnston, secretary of the Society who was killed in an airplane accident at Sourabaya, Netherlands Indies, on Monday, Jan. 22. Dr. Johnston, who recently had retired from the position of Superintendent of Municipal Hospitals, was traveling on a K. L. M. Dutch East Indies plane to Australia and New Zealand when the plane fell into the sea causing the deaths of three members of the crew and five passengers. Dr. Johnstone is survived by his wife and daughter, now in New Zealand. He was born in Ireland, received his medical education in Dublin and joined the Shanghai Municipal Council in 1934. Following a visit with his family he had planned to offer his services to the British Army.

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SHANGHAI BRANCH
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Miss W. A. Penfold, M. A., has been appointed headmistress of the Cathedral School for Girls, in succession to Miss I. M. Fleet, who has resigned because of illness. Miss Penfold is the daughter of F. G. Penfold, a director of the firm of Calder Marshall and Company, Ltd. She attended Cheltenham Ladies' College and was awarded an M. A. degree at St. Hilda's College, Oxford. She has been a member of the staff of Cathedral School since 1923.

*

A recently invented cotton spinning machine, made almost entirely of wood, has been widely adopted in Szechwan province, according to a report from Chungking (*Kuomin*, Jan. 27). The new machine, operated by one person, can produce two pounds of cotton yarn in ten hours, thus yielding the operator a profit of $1. The report claimed that 21,000 machines of this type are now in operation in the province.

*

The *China News Agency*, issued by the Wang Ching-wei faction, published a report on Jan. 20 alleging that Liu Liang-mo, former Y. M. C. A. secretary who had been detained by Gen. Huang Shao-Hsiung on a charge of being a communist, at Kinhwa, Chekiang province, had escaped. The report alleged that Mr. Liu had organized a corps of boys and girls to solicit relief funds and entertain wounded soldiers, but "their real object was to disseminate Communist propaganda among the peasants." The Wang report alleged that Liu's wife, who is connected with the Y. W. C. A., had enlisted the help of an American missionary who had interceded with Gen. Huang for Mr. Liu's release.

*

The Japanese military authorities have arrested five suspects who allegedly set fire to the cotton mill belonging to the Naigai Wata Kaisha located at Soochow, Kiangsu. The fire occurred on New Year's Day and resulted in a loss exceeding $1,370,000. The suspects were all employees of the mill and allegedly had connections with guerrilla gangs operating in the vicinity of Soochow. The men arrested were Hsi Chin-fu, 25 of Shanghai; Chang Ho-ta, 24, of Kaoyu; Hsi Chi-ming, 24, of Changchow; Tang Chin-sheng, 27, of Yencheng, and Hsu Ping-yuan, 22 of Soochow. The Japanese report alleged the men were paid $50 apiece by the guerrilas to burn the Japanese mill.

*

Frank P. Lockhart, counsellor of the U.S. Embassy at Peiping, will serve as Acting Consul-General at Shanghai following the departure of Clarence E. Gauss, who has been appointed Minister to Australia. Mr. Gauss probably will depart for Canberra about the first of March, according to announcement from Washington. According to *Reuter* report from Washington, Jan. 25, it was not regarded likely that either Joseph Jacobs, head of the State Department's Philippine Bureau, or Walter A. Adams, Senior China Officer in the Department, would be appointed to the Shanghai position "since both hold important positions in the Department and no successors are immediately available."

Community Church will hold a "Father and Son" dinner under the auspices of the Boy Scout Troop and Cub Pack on Feb. 17. A Court of Honor will be the feature of the evening at which awards will be announced for the Scouts who have completed their tests. The Scout organizations, which are branches of the Boy Scouts of America, now have a plot of ground and building on the campus of the American School in the French Concession. The local post of the American Legion recently gave the Scouts the sum of Ch.$200 to help finance their activities.

*

More than a dozen small Chinese cargo vessels, averaging around 300 tons, which previously operated along the coast and rivers in the Lower Yangtsze, are being incorporated into a so-called "Sino-Portuguese Shipping Company," which will be headed by a Japanese named K. Yamanaka, who is connected with a Japanese steamship company, the Toa Kaishan Kaisha. The ships were previously registered in the Portuguese Consulate, but were Chinese-owned. Due to their Portuguese registry the ships continued operation after the outbreak of the war, but several months ago the Japanese naval authorities seized several of them on a charge of smuggling. They have since been tied up in Shanghai harbor. The Japanese action in taking control of the ships has created serious apprehension in local shipping circles, particularly Italian and German, as the Italians operate 10 ships and the Germans seven, all of which were previously owned by Chinese interests. An article dealing with the subject appeared in *The China Press* on Tuesday, Jan. 30.

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New Books of Interest in the Far East

Students on the March

PRELUDE TO WAR: THE CHINESE STUDENT REBELLION OF 1935-1936. — By Hubert Freyn. Shanghai, The China Journal Publishing Co., Ltd., 1939. 122 pages, appendix.

Hubert Freyn arrived in Peiping in September of 1935 to study the Chinese language and civilization, "with particular emphasis on the Chinese drama." The drama which was provided for him was of quite a different type than he had expected. Mr. Freyn came to China from the Department of Chinese of Columbia University. Although twice the age of his undergraduate room-mate and his fellow students at Yenching, he nevertheless became a real comrade and brother to them during that eventful year.

Those who are interested in student or nationalist movements will find this book of inestimable value. The author's analysis of the Chinese student of those months before the December 9th incident gives his ideas of the real differences in the physical and mental characteristics of Chinese and American students. It is well to remember that Mr. Freyn had experience of the American student both as faculty member and as student himself.

Beginning with the December 9th incident, the 1935-1936 school year in Peiping becomes one of intense activity, difficulty and tragedy for the students. This first demonstration to show their feeling against the autonomy movement sponsored by Japanese agencies is interpreted as communistic. In retrospect, the Nanking Government's policy of appeasement appears not only correct but indispensible for the essential preservation of China. But the college youths of 1936 wanted resistance, and they resented all who objected to their actions.

The students soon saw the need for field propaganda work; the first group went out in January, 1936 over a route which in July and August of 1937 was to become the first fighting ground. The student appeal was received by the peasants with "95 per cent curiosity and 5 per cent sympathy." Encouragement from some of the soldiers of the 29th Route Army and some of the very policemen sent out to break up their demonstration was the little cheer which the students received. In spite of official opposition, the work of propaganda went on. Now, four years later, it is recognized as one of China's most useful weapons.

Mr. Freyn includes in this book many of the letters and circulars addressed to officials, teachers, to the public and to the students themselves. The fate of imprisoned students, of sympathetic professors and executives, makes unhappy reading. But one sees behind all the doubts and perplexities the students' indestructible belief that China will survive.

A book such as this provides valuable source material which will be put under contribution by future writers on this period of China's history. It is unfortunate that the proof-reading should have been done so carelessly. In some cases the very meaning has become confused and uncertain. The book is well illustrated with photographs.

F.M.R.

In the Antipodes

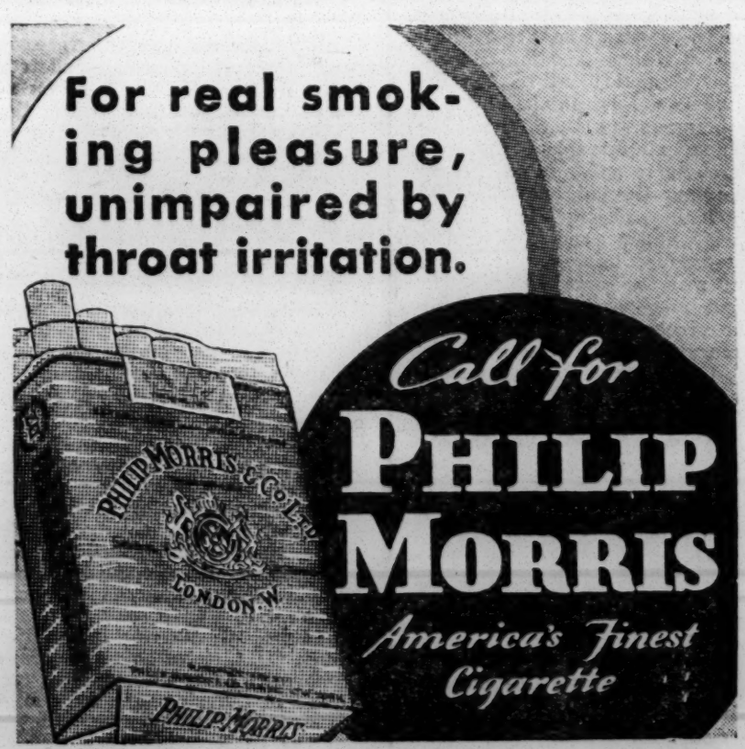
AUSTRALIAN STANDARDS OF LIVING—Studies by F. W. Eggleston, Ronald Walker, George Anderson, J. F. Nimmo, with an introduction by G. L. Wood. Melbourne University Press. Price 10 Shillings.

This reviewer has a remote connection with, and a great interest in, the study of Australian standards of living. The Institute of Pacific Relations, at its 1934 Conference in Banff, Canada, decided upon the necessity for basic studies of standards of living in countries on the Pacific rim. The argument is frequently adduced that tariffs and immigration exclusion policies breed misunderstandings among peoples. These are generally believed to have their origins in the low standard of living in some countries and the desire to preserve higher standards in other countries by exclusion from the latter either of the goods produced in the former by cheap labor, or of the labor of the former desiring to immigrate to the higher standard country.

Not every country of "low" standard of living, e.g. Japan, agrees that low monetary wages are responsible for success in export trade. The claim is that efficiency in manufacturing and the organization of distribution contribute greatly. Besides, low monetary wages are only part of the remuneration of labor in Japan. Social services constitute a large part ....Hence the decision to induce national councils of the Institute of Pacific Relations to undertake studies of the national standards of living. The reviewer represented Australia at a special Research Conference of the I.P.R. in Tokyo in 1935 at which the decision to make the studies was advanced by concrete plans.

One method of arriving at an international comparison, it was suggested, would be the study of the standard of living of roughly comparable groups, employed in undertakings which by their nature were not in world competition, called for convenience "sheltered industries." (The term is used in another significance in the book under review). The occupations in mind were those of municipal and public utility employees. A first study was published covering the standard of living of street car workers in San Francisco. In Shanghai immediately prior to the outbreak of hostilities the raw material of study of standards in sheltered groups in Shanghai was collected. The results have not yet become available.

The present Australian contribution is not based on a special new budgetary study of those in sheltered industries. It is a historical and philosophical examination of a concept which has had currency and meaning in Australia for decades. The Australian standard of living, difficult as it may be to define in terms acceptable to the pure economist, was behind initial immigration



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In the United States Court for China

AT SHANGHAI, CHINA

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GORDON CAMPBELL
Marshal of the United States Court for China.

exclusion policies. The book examines that standard and reveals the story of the 25 years of use of arbitration court machinery to set and maintain this standard. The chapter on Industrial Tribunals is the history of the formulation and maintenance of the standard, maintenance even when the great depression was held to necessitate a temporary decrease in the basic wage payable. The chapter on the Tariff is more specialized and less readable for the average person. It is essential however for the examination of the methods by which the "standard" has been preserved for Australia.

The book is a symposium. The contributors are largely economists, but one is a politician who has been minister of railways in a state government, and is at present chairman of the Australian Commonwealth Grants Commission. The economist, in the person of Mr. Ronald Walker, refutes the argument that "low wage countries always undersell high wage countries." He points to Australian manufacturers as anxious to have adequate protection against goods from the United States, a high wage country. Obviously, mass production and efficiency methods play their part. Mr. F. W. Eggleston, the politician, argues that it is men's conception of their own interests in maintaining what they believe to be their right in a certain standard of living, which is the determining factor in national policy. Men will demand political action to exclude the goods or the labor of low wage countries, fallacy or no fallacy. And, says Mr. Eggleston, political action is what counts.

It is what has counted in Australia at any rate. There is one state where the factory law has defined a factory as a place where two or more persons are employed, or where power is used; or where one Chinese worker is employed. This is not racial discrimination, but an expression of the fear of economic undercutting. The readiness of Chinese workers to work at a standard below that of Australian workers makes it necessary that any employer of Chinese workers, even of one of them, should be amenable to supervision by inspection in accordance with the law. Somewhere, some time in the past, one group which had suffered from undercutting by lower paid labor within the country had sufficient political influence to have this safeguard to its standard of living written into the law.

The difficulty of making any international comparison between standards of living is emphasized in the chapter by Mr. Ronald Walker. It does not appear that as yet any practical policies of bettering international relations can be forecast on any simple understanding of the differences in standard of living. But whatever may be the post-war attempt to find a way in which the countries of the world can live and work together without bitterness and jealousy, an understanding of the effect of differing standards of living is basic, and to this extent the studies of the I.P.R. are of use.

H. E. M.

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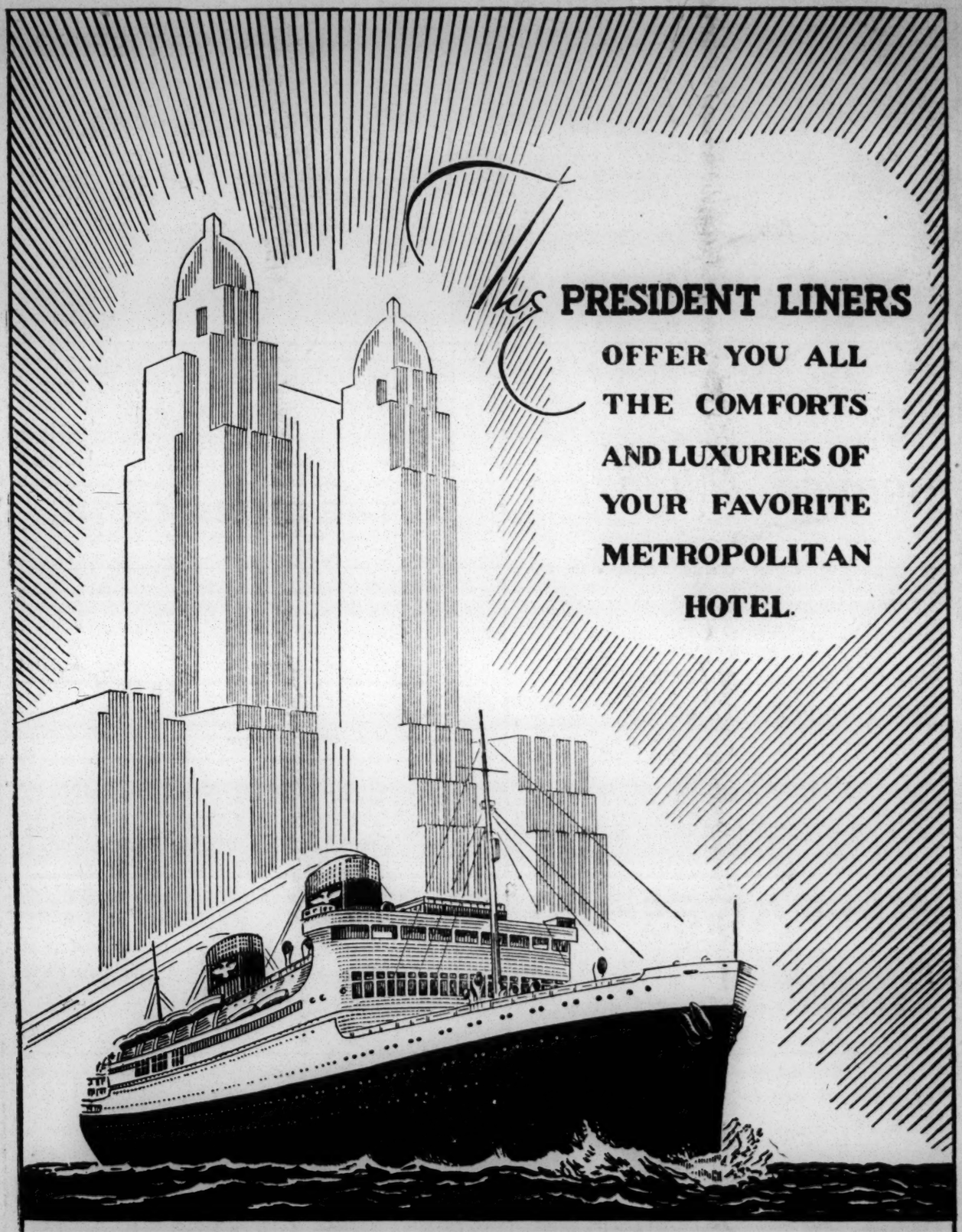

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